EXHIBIT C

to the Declaration of
Lisa J. Cisneros in Support of
Plaintiffs' Opposition Briefs

UNITED STATES DISTRICT COURT

NORTHERN DISTRICT OF CALIFORNIA

SAN JOSE DIVISION

IN RE: HIGH-TECH EMPLOYEE)
ANTITRUST LITIGATION)
) No. 11-CV-2509-LHK
THIS DOCUMENT RELATES TO:)
ALL ACTIONS.)
_________________________________)

ATTORNEYS' EYES ONLY

VIDEO DEPOSITION OF ROSEMARY ARRIADA-KEIPER

March 28, 2013

REPORTED BY: GINA V. CARBONE, CSR NO. 8249, RPR, CCRR

09:25:59 financial analyst in 1998, was there a salary grade associate -- was there a salary range or salary grade associated with your position?

09:26:08 A. Yes.

09:26:09 Q. What was that?

09:26:09 A. I don't know.

09:26:11 Q. Do you know what your salary range was at the time?

09:26:14 A. No.

09:26:15 Q. Do you know what your job level or what your job grade was?

09:26:18 A. At that time?

09:26:19 Q. Yes.

09:26:20 A. No.

09:26:23 Q. Did you receive promotions or -- well, did you receive any promotions during your time as an analyst?

09:26:30 A. I did.

09:26:31 Q. What promotions did you receive?

09:26:33 A. I moved from a career level analyst to a senior level analyst, and eventually to a program manager.

09:26:49 Q. Did your salary increase with each of those moves?

09:26:54 A. Yeah. I mean, I don't recall specifically, but....

09:26:59 Q. Did your compensation increase -- well, did

09:27:03 your base salary increase with each of those moves
09:27:06 within the analyst position?
09:27:08 A. Yes.
09:27:16 Q. What were your job responsibilities as a
09:27:18 compensation analyst?
09:27:20 A. So we supported different business units within
09:27:24 the organization. So it consisted of things like
09:27:27 participating in surveys; doing benchmarking; doing
09:27:30 analysis, you know, both at a company level as well as
09:27:35 an organizational level; designing compensation programs
09:27:38 and plans.
09:27:45 Q. You mentioned that as a compensation analyst
09:27:48 you participated in surveys?
09:27:50 A. Yes.
09:27:50 Q. Can you tell me more about that.
09:27:52 A. Yeah. So as a company, we participate in
09:27:56 surveys that third-party vendors host. Radford is the
09:28:00 primary source that we use. And so what that entails is
09:28:04 having to provide information about our compensation
09:28:08 practices and ranges that we develop. And as part of
09:28:13 that, there is lots of different companies that
09:28:15 participate in that. And as a result of us
09:28:18 participating and providing our data, we're then able to
09:28:21 get aggregated output data so we use that information as
09:28:25 we're determining kind of our market practices and

09:28:28 compensation practices that we want to apply internally.
09:28:32 Q. Do you know whether Adobe used any third-party
09:28:36 surveys other than Radford?
09:28:37 A. Yeah. We had a number of different ones.
09:28:40 Q. Which surveys did you subscribe to or
09:28:42 participate in?
09:28:42 A. The ones that come to mind for me would have
09:28:44 been Radford, we used iPass, I'm sure there were others.
09:28:52 I can't recollect their names. But our primary has
09:28:55 always been Radford. The others were more secondary
09:28:59 sources.
09:29:01 Q. You mentioned that you did benchmarking work as
09:29:04 a compensation analyst?
09:29:05 A. Uh-huh.
09:29:05 Q. What do you mean by "benchmarking"?
09:29:07 A. Looking at market data to analyze how our
09:29:11 salary ranges, practices and processes compare to the
09:29:13 market.
09:29:18 Q. Was benchmarking an ongoing project for you as
09:29:20 a compensation analyst?
09:29:23 A. So yeah, I guess I don't understand what you
09:29:26 mean by "ongoing."
09:29:28 Q. It's my understanding, and we can talk about
09:29:31 this a bit later, that Adobe benchmarks against the
09:29:35 surveys on an annual basis?

09:29:36 A. Correct.
09:29:38 Q. Did -- so when you were doing your benchmarking work as a compensation analyst, were you involved in that annual process?
09:29:44 A. Yes, I was.
09:29:50 Q. And can you describe the annual benchmarking process?
09:29:53 A. Yeah. So it kind of kicks off with the survey participation, and we typically do that in the summertime period. We then get output back from the third-party vendors in terms of by job, what specific compensation elements look like. And they provide in percentiles so you get the 25th, 50th, you know, 75th, 90th.
09:30:20 We then look at our internal compensation components, base salary, incentive, TTC, and we compare that against the market data to kind of assess whether we're aligned to the market or we're not.
09:30:44 Q. What do you mean by "incentive payments" or "incentive compensation"?
09:30:49 A. Incentive is kind of our variable compensation component. Certain roles within the company, roles like sales, where they have a commission quota component to their compensation or management-type roles where we have an incentive plan in place, we'll typically look at

09:31:05 those elements.
09:31:06 Q. Are there any other jobs that -- within Adobe
09:31:09 that have incentive compensation as part of their total
09:31:12 compensation?
09:31:13 A. No. Generally it's sales compensation and
09:31:17 management roles. There may be a few kind of individual
09:31:21 contributor roles, and what I mean by that is roles
09:31:24 where you don't have direct people management
09:31:27 responsibility, that can also be eligible for incentive.
09:31:31 Q. Do you know which individual contributor roles
09:31:33 those are that may be entitled to incentives?
09:31:37 A. We have thousands of jobs at Adobe.
09:31:41 Q. What is TTC?
09:31:44 A. Total target compensation. So we define that
09:31:46 as your base salary plus your cash incentive.
09:31:57 Q. And when you say "cash incentive," are you
09:31:59 referring to the incentive payments that we just
09:32:01 discussed?
09:32:01 A. Either the sales commissions or the variable.
09:32:06 Q. And you mentioned part of the benchmarking
09:32:08 process was looking at the salaries -- or looking at the
09:32:10 surveys, rather --
09:32:11 A. Uh-huh.
09:32:11 Q. -- to determine whether or not Adobe is aligned
09:32:13 to market?

09:32:14 A. Yeah.
09:32:14 Q. So what if Adobe -- what if you determined Adobe wasn't aligned to market?
09:32:20 A. So what we would do is -- so the process, we're kind of unique from most companies in that we don't have a grade structure. We market price. So every job has a direct and discrete range that goes along with it.
09:32:35 So part of our exercise entails looking at every single job, comparing it against the market data. And we have a specific percentile that we're targeting within that market data. It's the 65th percentile.
09:32:49 And so what we do is in some cases, we are ahead of market, and that means we must adjust the range down. In other instances we're behind the market and we adjust the range up. So we do that kind of on an individual job basis.
09:33:05 Once we go through that exercise, we then aggregate that data. And what that basically does is on an aggregate level, it tells us either overall you are aligned and you are good, you don't need to request additional funding to adjust your ranges.
09:33:20 You may end up being behind, in which case we kind of have to cost that out and then we go have a conversation with the finance organization to say, look, we're behind the market a little bit. In order for us

09:33:33 to kind of catch up, you know, we're going to need a
09:33:36 focal review of X amount of dollars.
09:33:38 And in some instances, if we're kind of ahead
09:33:41 of the market we may not require as much money from a
09:33:45 focal perspective. So we ultimately end up aggregating
09:33:50 that and that kind of defines what we need in terms of
09:33:52 an annual review of focal budget.
09:33:55 Q. So you -- if you review the survey data and
09:33:59 determine that Adobe is paying behind the 65th
09:34:04 percentile -- and when you say "65th percentile," are
09:34:06 you trying to target the midpoint of each salary range
09:34:10 of the 65th percentile?
09:34:11 A. Yeah. The midpoint of each salary range.
09:34:14 Correct.
09:34:17 Q. And if you believe that Adobe needs more money
09:34:23 to pay salaries in order to hit that 65th percentile --
09:34:27 A. On an aggregate level.
09:34:28 Q. -- on an aggregate level, you need to go to the
09:34:31 finance organization?
09:34:32 A. We do. Yeah.
09:34:33 Q. How does that happen?
09:34:35 A. So essentially -- it's part of the budgeting
09:34:37 process. So, you know, every year as we're going
09:34:39 through budgeting processes, one of the main things we
09:34:41 have to do is we have to look at what do we anticipate

09:34:43 that we're going to need to budget in terms of the focal review process.

09:34:46 So after we've gone through our exercise and we see kind of from a market perspective where our ranges are lining up, we'll engage in a conversation with the finance organization to say, you know, this is what we believe we need.

09:34:58 They'll come back to us and say, well, this is what we can financially afford to give you, and we end up coming to a compromise. And sometimes we get what we need, and other times they've come back and said, you know what, we can't afford to do that, and this is what we can give you.

09:35:14 Q. So when you say that you -- and what you get back from the finance organization is a budget for increasing salaries at the focal review time?

09:35:21 A. Exactly. Exactly. So the ranges automatically -- I shouldn't say automatically. We adjust the ranges. So if they've gone up or down, those get adjusted. What the focal does is determine, you know, based on budgets that managers will have, whether individuals -- how much individuals can get adjusted.

09:35:43 THE VIDEOGRAPHER: Excuse me. Can you avoid of touching the cable.

09:35:48 THE WITNESS: I'm sorry. I do a lot with my

09:35:49 hands. I'll try to keep them up here.
09:35:52 THE VIDEOGRAPHER: It makes a noise --
09:35:53 THE WITNESS: I use my hands a lot.
09:35:57 MS. LEEBOVE: Q. And what if you review
09:35:59 Adobe salaries against the survey data and find that
09:36:05 Adobe -- that the midpoint of Adobe salary ranges is
09:36:10 higher?
09:36:10 A. We'll adjust them down.
09:36:12 Q. Do you adjust salary ranges down?
09:36:13 A. Yeah.
09:36:21 Q. Is it Adobe's practice not to adjust actual
09:36:23 salaries themselves down if the ranges go down?
09:36:28 A. Correct. Like an individual's salary? Is that
09:36:31 what you are referencing? Yeah.
09:36:33 Q. So if the salary range goes down, individual
09:36:36 salaries do not go down?
09:36:37 A. No. But the position within the range changes,
09:36:39 right?
09:36:44 Q. I guess everyone would be slightly higher in
09:36:46 the range if the salary goes down?
09:36:48 A. Exactly.
09:36:49 Q. That's about all the math I can do right there.
09:36:51 A. That's good. That's really good.
09:36:54 Q. And if the ranges go up, do salaries increase?
09:36:57 A. No.

Q. How do --

A. Their position now changes lower into the range.

Q. Does Adobe ever bring individuals whose base salaries are lower than the low end of their salary range up to minimum as part of the focal process?

A. So, yeah. Each range has a minimum and a maximum. If folks are below the minimum of the range, we will typically red flag them. That, to us, you know, can mean a number of things. It can mean that the market has moved significantly and we haven't been able to keep up from an individual perspective. Sometimes it's a skill gap issue.

So, you know, our practice has been is, is we will adjust them to the minimum as part of the annual review, they get red flagged, and then we have a conversation with the manager to say, you know, we have a minimum for a reason because we believe you need to be in this range to be competitive. You know, is there any reasons why you might not want to adjust. And so it becomes manager's discretion in terms of whether they want to do that.

And sometimes they have legitimate reasons for why. You know, certainly as you start to get into less mature markets, like outside of the U.S., there is a lot

09:38:23 more volatility, so, you know, managers will come to us and say you know what, we don't need to be paying this. We can kind of get them for not this amount. This is not what's driving them. So there is a number of factors, but yeah. It ultimately is manager's discretion.

Q. As a compensation analyst, did you ever study whether employees were -- how many employees were being paid below the range for their job?

A. It's part of the reporting. So we'll look at how many employees are below the minimum, we'll look at how many are above the maximum, we'll look at how many are targeted, you know, in what percentile. So, yeah, we definitely look at that information.

Q. Has that been true for -- if I use the term "class period," do you understand what I would be -- what I'm referring to?

A. No.

Q. So the class period -- and we'll talk about your declaration a little bit later.

A. Okay.

Q. But when I refer to the class period, I'm talking about the period of time between January 1st, 2005 and December 31st, 2009.

A. Okay.

09:39:31 Q. So do you know whether for the entire -- for the entire class period it's been Adobe's policy to review whether employees are being paid in or out of range?
09:39:45 A. So yeah. So it's always been a part of the process to kind of look at where employees are positioned relative to the ranges that we're developing.
09:39:57 Q. And has this process of -- and has Adobe participated in surveys for the whole class period?
09:40:04 A. As long as I can remember, yeah.
09:40:06 Q. And has Adobe engaged in this annual process of comparing its salaries to market on an annual basis --
09:40:12 A. Yes.
09:40:12 Q. -- throughout the class period?
09:40:13 A. Yeah.
09:40:23 (Discussion off the record.)
09:40:33 MS. LEEBOVE: Q. So we were talking about your job duties as a compensation analyst, and you mentioned surveys, benchmarking, analysis. And was the analysis that we just discussed the analysis that you were talking about when you referred to doing analysis as a compensation analyst?
09:40:50 A. That's one of them.
09:40:51 Q. What other sorts of analyses did you do as a compensation analyst?

09:44:41 moved from a career compensation analyst to a senior
09:44:45 compensation analyst?
09:44:49 A. I would say it's more about the types of
09:44:52 projects, and kind of from a support perspective, the
09:44:57 type of visibility you get in terms of who you are
09:44:59 interfacing with from a client support perspective.
09:45:03 The core of the work is still the same, you are
09:45:06 doing analyzing and benchmarking and a lot of that.
09:45:09 It's just the types of programs are more highly visible.
09:45:11 So from that perspective, no. When I made the jump from
09:45:16 an individual contributor to a manager, then I would say
09:45:18 yeah, much more significant. Because now I'm all of a
09:45:21 sudden having to manage people which adds a whole
09:45:24 different dynamic.
09:45:24 Q. So you became a manager in 2006-ish?
09:45:27 A. Yeah. I should have looked up my chronology.
09:45:34 Q. And you moved from -- and I just want to make
09:45:37 sure that I'm getting this straight because I've --
09:45:41 A. I don't know if I remember it either. I have
09:45:43 to go look it up, it's been so long. But yeah.
09:45:46 Q. But you moved from an analyst role to a manager
09:45:48 of global compensation role?
09:45:50 A. I did, yeah.
09:45:51 Q. And what did your job as a senior manager -- or
09:45:56 were you a manager first and then a senior --

09:45:58 A. And then a senior manager. Yeah.
09:46:02 MR. KIERNAN: So were you the program manager?
09:46:05 THE WITNESS: So no, it was -- analyst, senior analyst, program manager, career level manager, senior level manager, director. So just moving up in levels, right? We have lots of levels at Adobe.
09:46:21 MR. KIERNAN: I hope you got that.
09:46:25 THE WITNESS: Again, analyst, senior analyst, career level manager, senior level manager -- I forgot the program in between the manager and the senior analyst.
09:46:41 MS. LEEBOVE: Q. When you were a program manager, were you still working functionally as an analyst?
09:46:49 A. It was definitely functionally as an analyst. My audience there, though, was I was doing executive comp. So the programs that I was supporting were the board of directors, the officers of the company, and kind of VP level and above. So again, just same kind of concepts, but a different audience.
09:47:12 Q. And then when you became -- the career level manager position was the manager of global compensation, am I right?
09:47:18 A. Exactly. Yeah.
09:47:20 Q. And what were your job duties as the manager of

09:47:23 global compensation?
09:47:24 A. So, you know, we tend to be working managers,
09:47:26 so I did some level of analysis and benchmarking, some
09:47:32 of that other stuff. But my primary focus, I would say
09:47:35 about 70 percent of my time, was more directing the
09:47:38 projects, you know, and disbursing them on the team and
09:47:41 doing check-ins with my team, providing guidance. That
09:47:45 sort of thing. So it was more managing people as
09:47:48 opposed to doing the actual work.
09:47:53 Q. How many reports did you have as the manager of
09:47:55 global compensation?
09:47:56 A. Oh, my God. We'd have to go back. We've had
09:48:00 so many fluctuations. I would say between three and
09:48:05 five.
09:48:06 Q. Okay. As the manager of global compensation,
09:48:12 were you responsible for allocating your focal budget to
09:48:17 your three to five direct reports?
09:48:20 A. Yeah. Just like a manager. Yeah.
09:48:29 Q. Was your -- was it when you assumed the title
09:48:32 of manager of global compensation that you first were
09:48:35 responsible for allocating a focal budget among reports?
09:48:39 A. For making recommendations, yeah. As an
09:48:41 individual contributor I was never responsible for
09:48:43 making recommendations.
09:48:46 Q. And did you directly allocate the focal budget,

10:46:11 Q. Roughly?
10:46:12 A. Roughly about 12,000 globally.
10:46:18 Q. Do you know how many of the roughly 12,000 jobs
10:46:21 globally are in the United States?
10:46:25 A. 12,000 employees.
10:46:26 Q. Of the -- right. Do you know of the -- of
10:46:30 Adobe's roughly 12,000 employees, do you know how many
10:46:33 reside in the United States?
10:46:34 A. Roughly 6,000.
10:46:40 Q. Is it fair to say that throughout the class
10:46:41 period, approximately half of Adobe's employees have
10:46:44 been located in the U.S.?
10:46:48 A. I don't know. Our distribution has shifted
10:46:51 over the years, so I don't know that it's always been
10:46:54 half.
10:46:55 Q. Okay. Do you know how many job categories
10:46:58 Adobe has currently?
10:47:03 A. No.
10:47:10 Q. Do you know whether there have been efforts
10:47:12 over time to reduce or streamline Adobe's job
10:47:16 categories?
10:47:18 A. We have tried to consolidate the number of jobs
10:47:21 we utilize, yes.
10:47:26 Q. How so?
10:47:28 A. So as I mentioned earlier, every job has a

10:47:33 discrete salary range, but there is not always a specific match in the market to a particular job. So in the past, we would create things that were called no-match jobs, and it was oftentimes because somebody might have like a hybrid role, right?

10:47:54 And so rather than, you know, creating all of these no-matches, we just said you know what, if there is a 70 percent match, just match it into this job. So it was in an effort to kind of reduce the number of jobs.

10:48:19 Q. Further down in paragraph 4 of Donna Morris' declaration, and I'm picking up just at the very last line of page 1, she states, "To help guide compensation decisions," now turning to page 2, "Adobe assigned each employee a job code (for example Code 3001079 for Senior Computer Scientist 2 Sw Dev), which has an associated job description, experience and education level."

10:48:52 Did I get that right?

10:48:54 A. Yep.

10:48:59 Q. What is the purpose -- or what purpose is served by helping to guide compensation decisions?

10:49:09 A. What purpose is served? Kind of -- can you help me understand your question?

10:49:14 Q. Well, why -- why does Adobe want to -- or why has Adobe wanted to help guide compensation decisions as

10:49:33 Ms. Morris states in her declaration?

10:49:38 A. So what we try to do is provide a range as a
10:49:43 guide for employees to understand -- for managers to
10:49:47 understand what a market value is for any particular job
10:49:50 in the market. And it acts as a data point to help them
10:49:55 make an informed decision around what the value of a
10:49:59 particular job is, right?

10:50:01 Q. Well, in what -- Ms. Morris states, "to help
10:50:13 guide compensation decisions." I guess my question is,
10:50:15 to help guide compensation decisions in what direction
10:50:20 or --

10:50:21 A. Probably in any direction. So as a manager we
10:50:24 make decisions around new hires, we make decisions
10:50:27 around annual review, we make decisions around
10:50:30 promotions. And so, you know, a salary range, you know,
10:50:35 helps you from the perspective of identifying kind of
10:50:38 what the appropriate level of pay could be for a
10:50:42 particular job.

10:50:46 You know, a job description helps in ensuring
10:50:48 that you are kind of looking at the right kind of job
10:50:50 and the right, you know, pay information as it relates
10:50:54 to your job.

10:50:59 Q. So did -- or does Adobe assign each employee a
10:51:04 job code -- well, let me back up.

10:51:10 Does each job code have a salary range

10:51:13 associated with it?

10:51:13 A. It does. Correct.

10:51:21 Q. And so by assigning each employee a job code

10:51:25 and a salary range, is Adobe trying to guide

10:51:28 compensation decisions into the salary range?

10:51:35 MR. KIERNAN: Objection to form.

10:51:38 THE WITNESS: No. You know, I think what you

10:51:39 do is you assign a job code to an employee. As managers

10:51:45 are potentially looking at hiring somebody in, that

10:51:49 range acts as a reference point to help guide them in

10:51:51 terms of, you know, what they want to bring a person in.

10:51:54 Once they're in the company, that range kind of

10:51:57 serves as a mechanism for people to understand kind of

10:52:01 the value of a particular job from the perspective of

10:52:04 the range -- or the perspective of the market. Where

10:52:06 you fall within that range between the min and the

10:52:10 maximum is based on, you know, your contributions as an

10:52:14 employee. We have a, you know, pay for performance

10:52:17 model at Adobe, and so, you know, where individuals are

10:52:21 positioned within a range can fluctuate up or down based

10:52:25 on their contributions.

10:52:29 MS. LEEBOVE: Q. Is the purpose of the

10:52:32 salary ranges that are associated with job codes to

10:52:36 guide managers to compensate employees within the

10:52:41 salary range assigned to their job code?

10:52:44 MR. KIERNAN: Object to form.

10:52:49 THE WITNESS: So the purpose of the range is really to act as, again, an indicator of what's the value of this particular job. And, you know, we educate around how you might use the breadth of a range when you are thinking about as a manager, how you might want to compensate somebody.

10:53:11 So again, based on their contributions, their skill set, whether they're new into a role versus somebody seasoned, you know, they can fluctuate all across that span of that range. So it's an indicator.

10:53:31 MS. LEEBOVE: Q. Does Adobe generally believe that employees should be paid within the salary range assigned to their job code?

10:53:53 A. It depends, right? They're case by case situations, but generally we have a range for a reason. We believe that in order to be competitive to the market, this is roughly the range that you need to be paying people in. And that kind of, you know, puts a check mark next to competitiveness.

10:54:10 However, again, where an individual is placed is dependent on a number of different factors. And so, you know, you will find examples of people that are not within the range.

10:54:24 Q. Does Adobe do any studies as to whether

10:54:26 employees are being paid in or out of range?
10:54:29 A. We do. We not only look at those below, but we look at those above, we look at people where they're positioned within the actual range. So we do look at that information.
10:54:49 Q. Is it the compensation analysts who look at that information and make those determinations?
10:54:53 A. It is the compensation analyst that does that.
10:55:02 Q. Do the salary ranges associated with each job code generally -- well, are they -- do they exist in part to make compensation decisions more expedient?
10:55:15 A. I wouldn't say it's an expedient issue. It's more of a, you know, what do we need to be targeting in order to be competitive.
10:55:27 Q. What would happen if there were no salary ranges associated with each job code? How would compensation be determined then?
10:55:37 MR. KIERNAN: Object to form.
10:55:39 THE WITNESS: I don't know.
10:55:48 MS. LEEBOVE: Q. Did you say you didn't know?
10:55:49 A. Yeah. Don't know.
10:55:53 Q. Continuing on with paragraph 4 of Ms. Morris' declaration, the very last phrase in paragraph 4, which appears on page 2 says, "During the class period Adobe

10:56:07 used approximately 1,000 unique job codes which have
10:56:10 changed over time." Do you see that?
10:56:14 A. Yeah.
10:56:15 Q. Is that true?
10:56:15 A. Yeah. Roughly.
10:56:20 Q. And how have the job codes changed over time?
10:56:24 A. I think we -- you can see fluctuations, right?
10:56:30 With the acquisition of new companies, you bring in some
10:56:34 new jobs, because sometimes we inherit talent that are
10:56:40 in roles that we may not have had previously. We add.
10:56:44 So as we expand into different geographies, you've got
10:56:48 to create job codes for, you know, roles in those
10:56:50 geographies. So we tend to see those numbers fluctuate
10:56:56 up or down. Or if we close offices or close a
10:56:59 particular geography, then you might see them go away.
10:57:04 Q. And has there been an effort within Adobe to
10:57:07 reduce the number of job codes Adobe uses for its
10:57:09 employees?
10:57:11 A. We have tried to consolidate, as I mentioned
10:57:13 earlier, with the no-match jobs.
10:57:22 Q. Do you know how many unique job codes Adobe
10:57:25 currently uses?
10:57:26 A. I don't.
10:57:29 Q. Do you know whether Adobe has tracked the
10:57:30 number of job codes that have been in use throughout the

11:07:56 A. Yes, I did.
11:07:56 Q. When did that happen?
11:07:57 A. In January of 2012 -- or '13. I'm sorry.
11:08:03 Q. Had Debbie Streeter disagreed with your salary
11:08:06 recommendations for your four reports, would she have --
11:08:10 would her opinion have prevailed over yours?
11:08:14 A. I don't know.
11:08:19 Q. Have you ever disagreed with your supervisor --
11:08:22 A. I have.
11:08:24 Q. -- over -- well, let me ask the whole question.
11:08:31 Have you ever disagreed with your supervisor
11:08:33 over compensation decisions for your reports?
11:08:35 A. I have.
11:08:41 Q. When did you -- when did the disagreement
11:08:43 occur?
11:08:45 A. It -- well, there has been several. I couldn't
11:08:49 remember exactly when.
11:08:50 Q. Did you have any disagreements over the most
11:08:52 recent focal review in January?
11:08:53 A. No.
11:09:03 Q. Can you remember the most recent instance when
11:09:05 you disagreed with your manager over salary decisions
11:09:08 you made with -- salary decisions you wanted to make
11:09:11 with respect to your reports?
11:09:14 A. I don't remember the specifics, but I can

11:09:17 recollect the person.
11:09:21 Q. Do you recollect generally what happened when
11:09:23 you had that disagreement?
11:09:24 A. Yeah. I was able to convince her I was
11:09:27 correct.
11:09:27 Q. And what had you wanted to do that your
11:09:29 supervisor disagreed with?
11:09:31 A. I wanted to give them a greater increase than
11:09:35 the tool.
11:09:39 Q. You wanted to give all of your employees at the
11:09:40 time a greater increase than the tool?
11:09:43 A. Just this one particular individual.
11:09:52 Q. And what happened?
11:09:52 A. I gave her the greater increase.
11:09:58 Q. And when you say "greater increase than the
11:10:00 tool," what tool are you referring to?
11:10:02 A. Oh, we have a salary tool where managers go in
11:10:06 and make their salary recommendations.
11:10:14 Q. Is this salary tool, is it a software tool --
11:10:17 A. It is.
11:10:17 Q. -- that is part of the focal review process?
11:10:20 A. It is. It's an online tool that's home grown,
11:10:23 developed internally.
11:10:29 Q. Do you know who developed -- what is it called,
11:10:31 the salary -- just the salary tool?

11:10:33 A. Salary planning tool.
11:10:34 Q. Okay. Has the salary planning tool existed for the -- did the salary planning tool exist for the entire class period?
11:10:44 A. No.
11:10:45 Q. When did the salary planning tool come into being?
11:10:49 A. This one was built for this particular review process. So it officially went live in December of 2012.
11:11:04 Q. Was there a prior iteration of the salary planning tool before the December '12 rollout that you just mentioned?
11:11:12 A. Several during the class period.
11:11:17 Q. So let me step back and rephrase my question. Has there been a salary planning tool for the entire class period?
11:11:28 A. No.
11:11:29 Q. Can you tell me more about the several salary planning tools that have existed at Adobe?
11:11:34 A. Yeah. So this latest one was home grown tool. From -- for kind of the 2000 -- and I guess -- 12 review period, we used Taleo. I can't remember the exact dates, but we used Taleo. And prior to Taleo we used SAP.

11:12:02 Q. Let me get this straight. So now Adobe uses -- let's just call it the salary planning tool. Prior to the salary planning tool, Adobe used Taleo?

11:12:10 A. Taleo had a salary planning tool. So they have many products, they had a salary planning tool that we used.

11:12:17 Q. When did Adobe use Taleo's salary planning pool? For what time period?

11:12:22 A. It was definitely before this one, but I can't remember -- we used it for two years. So two years prior to this last one we used Taleo.

11:12:36 Q. And what is SAP?

11:12:38 A. Yeah. I don't know what it's specifically -- but SAP salary planning tool would have been what we used prior to Taleo's salary planning tool.

11:12:55 Q. What was the function of the SAP salary planning tool?

11:13:00 A. Same function as the Taleo and the one we have now. Essentially a mechanism for managers to go online, make salary recommendations, bonus recommendations, and submit them.

11:13:20 Q. Have these three -- is it fair to call all three of these tools the salary planning tool, the SAP, and the Taleo, salary planning tools?

11:13:29 A. Yes.

11:13:29 Q. Okay. Can we refer to them generally as salary planning tools?

11:13:36 A. Yes.

11:13:37 Q. Have the salary planning tools also helped managers to stay within their merit increase budgets?

11:13:43 A. Yes.

11:13:49 Q. Does the salary -- has the salary planning tool helped -- well, scratch that.

11:13:56 Has the salary planning tool proposed merit increases to particular employees? How does -- well, can you tell me how the salary planning tool has worked?

11:14:11 A. Yeah. So essentially the salary planning tool is populated with employee information for a particular manager, so the employees on their team. You have the ability to kind of look at their current compensation. It shows them what the range is for the current role that they're in. It provides information around what their budget is in terms of what they can spend to do the annual review, and then it's got some other detailed information like, you know, what's the job they're in, the level they're in, some personal data. So managers essentially use that to provide recommendations.

11:14:59 The tool also has the ability to provide kind of the guidelines that we recommend in terms of how managers might want to think about spending their

11:15:13 allocated budget.
11:15:15 Q. Does -- or has the salary planning tool had a function that a manager could input an employee's performance rating --
11:15:27 A. Previously --
11:15:27 Q. -- and then --
11:15:30 A. Go ahead. I'll let you finish.
11:15:32 Q. We can make that one question.
11:15:33 Has the salary planning tool had a function that a manager could input an employee's performance rating and that the tool would generate a recommendation about a salary increase?
11:15:42 A. So the tool prior to this year has had the ability for us to input a performance rating because we required managers to kind of assess performance. We no longer are requiring a specific label around a rating.
11:16:00 So for this year, that wouldn't have been applicable. But in prior years, yes. In terms of, you know, that performance rating automatically generating a salary recommendation, no.
11:16:17 Q. During the class period, did whichever performance tool Adobe was using generate a salary recommendation for each employee?
11:16:26 A. No. You have the ability -- so you have this guideline, and you have the ability to kind of key in

11:16:34 what percentage increase or what dollar value increase
11:16:37 you want to give. But it doesn't automatically do that
11:16:41 for you.
11:16:43 Q. So the salary planning tool did not provide a
11:16:46 function where a manager could enter in additional
11:16:50 employee information beyond what was already populated
11:16:53 there?
11:16:53 A. Correct.
11:16:54 Q. And the planning tool would spit out a proposed
11:16:59 merit increase percentage or dollar figure?
11:17:01 MR. KIERNAN: Object to form.
11:17:05 THE WITNESS: So what the tool would do is, as
11:17:07 a manager I would go in, make my recommendation. It
11:17:12 would store that information. And then as an
11:17:16 administrator or as a manager, I could then run a report
11:17:21 that would show me the recommendations I had inputed
11:17:25 into the tool.
11:17:35 MS. LEEBOVE: Q. As a manager using the
11:17:36 salary tools, did you have to propose the amount by
11:17:43 which you wanted to increase an employee's
11:17:46 compensation?
11:17:46 A. Yes. You had two ways to do that. You could
11:17:49 either propose a percentage increase and just say I want
11:17:52 to give this person 3 percent, or you could go in and
11:17:56 input a dollar value. And it would calculate either

11:20:39 Q. Do you mean if Adobe programmed the tool to default as a matter of Adobe policy?

11:20:44 MR. KIERNAN: Object to form.

11:20:45 THE WITNESS: No. Your question to me was, you know, does the software, you know, provide a mechanism for the lazy manager to go ahead and input a ranking and then automatically recommend an increase? And I'm saying unless -- I don't think that would have been the case, I can't remember, because we had a range typically for any performance level. It wasn't like a flat amount.

11:21:06 And so unless we programmed to some sort of default within that range, it wouldn't have known what to pick, right? So I guess I'm telling you I don't know because I don't remember what was programmed.

11:21:19 MS. LEEBOVE: Q. Okay then, I'll stick with the "I don't know."

11:21:29 So I'm turning to paragraph 7, back to paragraph 7 of Donna Morris' declaration. And the first sentence states, "Adobe did not determine compensation for individual employees on a company-wide basis."

11:21:44 Did I read that right?

11:21:45 A. Yeah.

11:21:46 Q. And is that your understanding -- do you believe that to be true?

11:21:50 A. I do.
11:21:58 Q. And Ms. Morris continues, "Instead, managers
11:22:01 determine the compensation for individual employees
11:22:03 within a business unit, and were required to
11:22:06 differentiate compensation among employees based on
11:22:09 performance levels, performance reviews, and the
11:22:12 manager's assessment of the employee's expected future
11:22:15 contribution to the company."
11:22:17 Did I get that right?
11:22:18 A. Correct.
11:22:19 Q. Do you agree with that as well?
11:22:20 A. I do.
11:22:21 Q. How did Adobe require managers to differentiate
11:22:25 compensation among employees?
11:22:28 A. So we, again, provided a guideline and
11:22:32 framework. We have a pay for performance philosophy, so
11:22:35 our ask of managers was that, you know, they factor in
11:22:41 contributions of the employee in their performance when
11:22:43 making their decisions. We would provide a guideline
11:22:48 that would say, you know, based on this ranking, you
11:22:51 might want to think about a increase within this range.
11:22:56 And so the guidelines were structured in such a
11:22:59 way that they helped encourage differentiation. But
11:23:02 ultimately the manager kind of is responsible for making
11:23:04 that decision.

11:23:10 Q. So would the sentence that we just read of Ms. Morris' declaration where she states that managers were required to differentiate compensation among employees, would it be more accurate to say that managers were encouraged to differentiate compensation among employees?

11:23:26 A. Yeah. That would probably be better.

11:23:29 Q. Was there an enforcement mechanism for requiring managers to differentiate compensation?

11:23:33 A. No.

11:23:42 Q. How does Adobe go about differentiating compensation based on performance?

11:23:48 MR. KIERNAN: Object to form.

11:23:50 THE WITNESS: Again, we put the onus on the manager, you know, through our trainings. And we're pretty transparent with this with our employees too. We constantly talk about the fact that we are a pay for performance company that, you know, we expect that employees that are contributing at a higher level are going to realize higher compensation in general.

11:24:15 But it's also very individual, right? And managers kind of make those assessments and judgments on an individualized basis. It can be very different, but from a framework and a guidelines perspective, a lot of the education and the discussions and the information

11:24:29 that we share, we kind of keep hounding that notion in,
11:24:32 right? Pay for performance, make sure we're
11:24:35 differentiating. This is not a "everybody gets paid the
11:24:40 same" environment.
11:24:46 Q. Do you know when Adobe started using the term
11:24:49 "pay for performance" to describe its compensation
11:24:52 philosophy?
11:24:53 A. Yeah. I'd have -- I don't know exactly when.
11:24:55 I'd have to go look at our documents, you know. It's
11:25:00 very prevalent in the world of compensation. So I feel
11:25:03 like it's been around forever, but I'd have to go back
11:25:10 and look at Adobe's documentation to see when we started
11:25:14 marketing it that way.
11:25:16 Q. Do you know when Adobe started using the term
11:25:18 "differentiating" to describe its -- or differentiating
11:25:20 based on performance?
11:25:21 A. No. I don't remember exactly when.
11:25:33 Q. Is it fair to say that Adobe has aspired to pay
11:25:35 for performance and differentiate salaries based on
11:25:38 performance throughout the class period?
11:25:40 A. Yes.
11:25:51 MR. KIERNAN: Can we take a short break if you
11:25:52 are going into another paragraph?
11:25:54 MS. LEEBOVE: Uh-huh.
11:25:55 MR. KIERNAN: Just five minutes.

11:40:34 Job Leveling.
11:40:36 A. Okay.
11:40:37 Q. Just let me know when you've had a chance to review it or if you are already familiar with it.
11:41:07 MR. KIERNAN: You should feel free to read the entire email too. She didn't mean to suggest that you only have to read the attachment.
11:41:13 THE WITNESS: Okay.
11:41:19 MS. LEEBOVE: Certainly take all the time you need to review the entire document. My questions, though, are going to be about the attachment.
11:43:26 MR. KIERNAN: While she's reviewing that, I just noticed that it looks like the document has two attachments. Do you know if the exhibit only had one? See the -- if you look at the attachments, one refers to job leveling and then there is an HR Omniture offer.
11:43:47 MS. LEEBOVE: I can tell you that we had -- typically the way the documents have been produced --
11:43:50 MR. KIERNAN: Yeah.
11:43:50 MS. LEEBOVE: -- we have to find the exhibit separate from --
11:43:55 MR. KIERNAN: The attachment?
11:43:56 MS. LEEBOVE: The attachment is usually separate from the exhibit. Sometimes it's noted, sometimes it's not. I know that these pages --

MR. KIERNAN: This was the entire exhibit?

MS. LEEBOVE: -- constitute the entire Vijungco exhibit. I don't know what appears to be the second attachment.

MR. KIERNAN: Okay.

MS. LEEBOVE: I don't know where that is.

Q. Have you had a chance to review Exhibit 300?

A. Yes, I have.

Q. Okay. Turning to the attachment -- well, do you recognize the document attached to -- well, first of all, have you ever seen this document before?

A. I don't remember seeing it, no.

Q. When you say you haven't seen this document before, are you referring to the email messages, or the attachment, or both?

A. Both.

Q. Having now reviewed the attachment, which begins at page ADOBE_013839, you'll see that item No. 1 says, "How does Adobe determine job levels and salary ranges."

A. Yes.

Q. And then the document, I guess, purports to answer that question.

A. Uh-huh.

Q. Does the information provided on this document

11:45:14 about how Adobe determines job levels and salary ranges
11:45:18 appear accurate to you?
11:45:19 A. It does.
11:45:20 Q. Okay. And did Adobe determine job levels and
11:45:27 salary ranges in the manner described on page 013839
11:45:32 throughout the class period?
11:45:36 A. Roughly. That's the approach that we take. I
11:45:43 don't know if every single person is following it
11:45:45 exactly, but that's the approach we take.
11:45:48 Q. And has this been -- does this document reflect
11:45:51 the approach that Apple -- that Adobe took throughout
11:45:53 the class period?
11:45:54 A. It does.
11:45:59 Q. Okay. Turning to page 2 of the attachment,
11:46:04 it's the page marked ADOBE_013840. Do you see that
11:46:12 where it says item No. 5, "How is pay differentiated at
11:46:16 Adobe"?
11:46:16 A. Yes.
11:46:17 Q. Have you read that paragraph?
11:46:18 A. I did.
11:46:19 Q. Is that accurate? Is paragraph No. 5 accurate?
11:46:23 A. Not entirely. It may have been accurate for
11:46:27 this period of time, although I'm not sure what exact
11:46:31 period of time this alludes to, but we've not always had
11:46:36 four performance levels.

11:46:37 Q. Does it currently have four performance levels?
11:46:39 A. We currently have no performance levels.
11:46:41 Q. When were performance levels eliminated?
11:46:45 A. For this year. For the 2012 review period.
11:46:55 Q. Do you know why performance levels were
11:46:57 eliminated for the 2012 review period?
11:47:01 A. There were a number of reasons as to why that
11:47:05 shifted. You know, what's been communicated to
11:47:10 employees is that we got a lot of feedback that people
11:47:17 were demotivated by kind of a label being attached to
11:47:22 them. So for that reason we kind of moved away to say
11:47:28 you know what managers, we're not going to require you
11:47:29 to attach a label to individuals. But what we do want
11:47:32 you to do is have frequent conversations, check in with
11:47:35 your employees, and ensure that you have ongoing
11:47:38 dialogue around how they're contributing, how they're
11:47:42 performing. Base your assessments on that. But you
11:47:44 don't need to, you know, categorize them with a label.
11:47:48 Q. Prior to the 2012 focal review period, did
11:47:51 Adobe use performance ratings to assess employee
11:47:57 performance for purposes of the focal review?
11:47:58 A. It was one of the things they were asked to do,
11:48:00 yes.
11:48:01 Q. Were managers asked to assess employee
11:48:03 performance according to these -- according to

11:48:05 performance levels throughout the class period?
11:48:08 A. Yes. I don't know if there were always four
11:48:12 throughout that period. At some point we went from
11:48:14 three to four.
11:48:17 Q. So is it fair to say that for purposes of
11:48:24 allocating -- well, is it fair to say that when
11:48:29 manager -- for purposes of allocating their annual focal
11:48:33 review budget during the class period, managers were
11:48:36 required to assign their employees performance levels?
11:48:39 A. Yes.
11:48:40 Q. But at some point -- at one point there were
11:48:43 three performance levels, then there were four
11:48:45 performance levels?
11:48:46 A. Correct.
11:48:48 Q. But throughout the class period, Adobe used
11:48:50 performance levels as part of the review process?
11:48:52 A. That's correct.
11:48:55 Q. What were the three performance levels when
11:48:57 there were three?
11:48:58 A. So it was HI, solid, and low.
11:49:06 Q. And then at some point there were four
11:49:08 performance levels, and they're listed here; HI, strong,
11:49:12 solid and low?
11:49:13 A. Correct.
11:49:21 Q. Beyond those changes that we've just discussed

in terms of just the number and type of performance levels, does paragraph 5 accurately describe how pay was differentiated at Adobe during the class period?

A. Yep.

Q. Was there a ratings curve that managers were given by Adobe?

A. So, yes, there was a distribution that we tried to hold the organization to. So it wasn't necessarily at an individual manager's level, but on an aggregate level. At a company level, we roughly wanted -- and I don't remember exactly what they were. I think they may have shifted over the years. But, you know, your high impact employees were generally between 10 to 15 percent. The bottom low, roughly 5 or less percent, and then everybody else fell in the middle.

Q. Okay. Are you aware whether Adobe has ever studied the actual pay differentiation among employees of different performance levels?

A. Help me understand your question.

Q. So I'm trying to understand whether Adobe ever attempted to ascertain that pay was actually different for employees who were ranked HI versus employees who were ranked solid.

A. Oh, yeah. So, you know, typically what we do is we do kind of a prefocal analysis and a postfocal

11:51:15 analysis. So, you know, some of the reporting back that
11:51:17 we do is, you know, did the company stay within their
11:51:19 overall budget pools, did we hold to the distributions,
11:51:26 did we, in fact, see differentiation?
11:51:31 Q. And has Adobe ever studied or attempted to
11:51:35 quantify the pay differentiation among employees of
11:51:40 different performance levels?
11:51:44 A. Quantify in what way?
11:51:46 Q. In determining the amount by which
11:51:48 high-performing employees were compensated relative to
11:51:53 low-performing employees, or even solid-performing
11:51:57 employees?
11:51:59 A. So what I would say is we've typically produced
11:52:02 information that says on average an HI received
11:52:05 X-percent increase. On average, a solid received this.
11:52:12 Q. Were there reports run about actual pay
11:52:21 differentiation among employees of different performance
11:52:24 levels?
11:52:25 A. So we had the ability to run a report that
11:52:27 tells us what rating and what increase each individual
11:52:34 gets. And yes, there is reports that aggregate that
11:52:36 data and report out averages, the highs, the lows, there
11:52:42 is a number of different ways you can look at it.
11:52:51 Q. How -- just -- I know that we're outside the
11:52:54 class period at this point, but how does Apple -- Apple.

11:52:58 How does Adobe currently differentiate among employees for pay purposes in the absence of performance level assignments?

11:53:08 A. Yeah, that's a great question. You know, I think what we typically will do is we'll look again at kind of aggregated distributions, like what percentage of the population is sitting, you know, maybe between this level and that level. But beyond that, I don't know that there is necessarily a direct correlation to a particular label like we've had in the past.

11:53:35 Q. Okay. And do you know -- I think you mentioned, and I'm not purporting to repeat back word for word what you said. But you said something about the message given to employees about why performance levels were eliminated. Is there a different message that's been given to employees versus to managers --

11:53:55 A. No.

11:53:55 Q. -- about eliminating performance levels?

11:53:58 A. No. It's the same messaging. There has been lots of debates around that, but the messaging has been consistent.

11:54:07 Q. Okay. So it's not as if employees have been told that rankings -- or that the performance ratings went away, but in actuality their managers are still using them and they just don't know?

constitutes an adequate differentiation based on performance?

I know your attorney is going to object to this question.

MR. KIERNAN: As soon as I start looking out and gazing out the window.

MS. LEEBOVE: Q. But I think your earlier testimony has been that Adobe makes no effort to equalize pay.

A. Correct.

Q. And so just assuming that every employee is already paid differently, how does -- what does a successful -- what is successful pay differentiation based on performance?

MR. KIERNAN: Object to form.

THE WITNESS: Yeah. So it's hard to answer that question, right? Because it's so unique and individualized. But, you know, from a compensation practice perspective, you are taking a snapshot in time. And our snapshot generally tends to be the annual focal review, right?

So the correlation there is as you start to kind of roll up all this information, what you want to see is that generally an HI is getting, on average, a greater increase than somebody who is a strong, than

12:17:00 somebody who is an SC, right?

12:17:08 (Reporter clarification.)

12:17:08 THE WITNESS: Than somebody who is a solid
12:17:10 contributor. An SC. Sorry. We have all of these
12:17:11 acronyms.

12:17:13 So high impact, strong contributor, solid
12:17:16 contributor and a low performer. So on an
12:17:22 individualized basis, you may or may not find that
12:17:25 people fall into that constraint. But on an aggregate
12:17:28 level is what we're really striving for, you want to see
12:17:31 that, right? And if you go back and you look at the
12:17:33 data, you'll see examples of that.

12:17:37 Q. Did Adobe ever target a particular percentage
12:17:40 difference in compensation between high performers and
12:17:47 strong performers?

12:17:49 A. Not a specific percentage. You know, as we
12:17:52 establish our guidelines, we establish those guidelines
12:17:56 in such a way that an individual contributor, you know,
12:18:03 gets -- not an individual -- a solid contributor is
12:18:09 eligible for less than somebody who is a strong or
12:18:14 somebody who is an HI.

12:18:16 Again, managers ultimately have the discretion,
12:18:19 but the way we set up the guidelines, they're structured
12:18:22 in such a way that the guidelines actually encourage
12:18:25 that differentiation.

12:18:30 Q. And are there guidelines that recommend, by percentage, particular -- are there guidelines that recommend to managers a particular percentage salary increase based on an employee's performance ranking?

12:18:43 A. Not a specific amount. We typically provide a range. And so what you'll see is as an example, a solid contributor might be eligible for, let's say, between, you know, zero and 3 percent. You might have a strong that gets between 3 to 5, and a high would get between 5 and 7.

12:19:08 Ultimately, if I as a manager want to give somebody, you know, more than that or less than that, I can do that. They're kind of mitigating constraint as their budget. So we do hold them to their budget. But if they want to kind of deviate from those guidelines, they have the discretion to do that.

12:19:33 Q. Have there been percentage range guidelines for salary increases according to performance rating throughout the class period?

12:19:43 A. Say that again. Sorry.

12:19:45 Q. I don't know if I can.

12:19:49 So you just stated that rather than recommending a specific percentage salary increase to an employee based on his or her performance ranking, that Adobe would recommend a percentage, a range, for a --

12:20:16 that a manager -- recommended a manager select a number
12:20:22 within a particular range to increase -- this is
12:20:24 terrible. Let me back up.
12:20:28 Has Adobe offered salary increase guidelines
12:20:34 based on performance ranking throughout the class
12:20:38 period?
12:20:39 A. Yes.
12:20:40 Q. Okay. And whether there were three rankings at
12:20:51 the time or four rankings at the time, Adobe nonetheless
12:20:55 proposed a salary increase range at focal time that
12:21:00 correlated to that ranking?
12:21:03 A. Correct.
12:21:09 Q. Are you familiar with the term "midpoint
12:21:12 compression"?
12:21:13 A. I am not familiar with midpoint compression.
12:21:16 I'm familiar with midpoint and compression.
12:21:21 Q. Well, what is -- are you familiar with use of
12:21:26 the term "compression" in compensation speak?
12:21:29 A. Yes.
12:21:30 Q. And what does the term "compression" mean in
12:21:32 compensation language?
12:21:33 A. Yeah. So compression essentially means, are
12:21:37 you creating kind of an issue -- we typically use it in
12:21:40 the context of new hires. So what happens is the
12:21:45 external market is moving at a pace that's more

12:21:49 accelerated than internal focal budgets allow.

12:21:53 So you could have a position where kind of the market value for a new hire coming into the organization is higher than the existing employees and what they're making, right? Because once you are an employee and positioned within a range, your ability to kind of see pay change is typically done through the annual focal process. And those budgets are typically around, you know, 5 percent.

12:22:32 Q. And in the world of compensation, is compression a good thing --

12:22:42 MR. KIERNAN: Object --

12:22:42 MS. LEEBOVE: Q. -- or a bad thing?

12:22:45 MR. KIERNAN: Object to form.

12:22:46 THE WITNESS: Yeah. I don't know if it's a good thing or a bad thing.

12:22:50 MS. LEEBOVE: Q. Is compression something that Adobe has sought to avoid?

12:22:56 A. No. We haven't sought to avoid it. It's something that a manager needs to be aware of, right? And again, if you think about it in the context of a new hire, you are going to have kind of what the market values for a particular role, right?

12:23:12 But as a manager, as I'm thinking about my particular offer, I need to also think about the

contributions of the folks on my team, right? And what they're performing at and where they're at. So oftentimes if I've got high performing employees on my team that are sitting at X range, you know, it's going to be very awkward for me potentially as a manager if I bring in an unknown entity who hasn't really had time to display, you know, their ability to perform within the company at a higher range, right?

So it's just something that we ask a manager to consider among a number of different, you know, options. Ultimately they have to make that decision, but it's just something that we ask them to think about so they can make an informed decision.

Q. Why would it be awkward for a manager to bring in an unknown entity at a higher range than a performing employee?

A. Because employees talk all the time, and they share that level of information. And so it necessarily won't be one, it's just how comfortable is the manager in defending the decision that they made, right?

So it's not a bad or a good thing, but it's just a matter of they need to be prepared to articulate why they're making the decisions that they will.

Q. Okay. If you -- well, I want to turn back to the Morris declaration.

12:25:10 A. Okay.
12:25:17 Q. And I'm looking at the last sentence in paragraph 7 on page 3.
12:25:26 A. Okay.
12:25:28 Q. And it states "The number of managers who made compensation determinations varied between approximately 500 to approximately 1,000, given the growth in headcount over time."
12:25:43 A. Uh-huh.
12:25:44 Q. I'm curious about the word determinations here. Who ultimately makes a compensation determination as opposed to a compensation recommendation?
12:25:54 A. So to me I guess, you know, I use that terminology interchangeably. So a manager ultimately owns the recommendation, right? You know, my next level manager, you know, always has the ability to kind of review and, you know, discuss with me if they feel that something should be different. But from an accountability and final decision, it's generally the manager.
12:26:29 Q. And so is it true that ultimately, then, an employee's manager has final say over what that employee's salary will be?
12:26:39 A. Yeah. Yeah.
12:26:55 MS. LEEBOVE: So I can go into more documents

01:31:23 A. Not really, because I can't read it very well.
01:31:32 Yeah, no.
01:31:37 Q. What, if anything, do you understand Delia was
01:31:40 referring to when she says that the midpoint compression
01:31:52 can -- well, she says, "The midpoint compression is a
01:31:57 reality."
01:31:59 And then skipping down, "It is not necessarily
01:32:01 a bad thing (in the future a role like this can bring
01:32:06 more stability to our internal equity), but the
01:32:08 implementation now is completely affecting our internal
01:32:11 equity."
01:32:12 Do you understand what she means by that?
01:32:13 A. I don't know exactly what she means by that.
01:32:20 Q. What do you understand this to mean?
01:32:25 A. So what -- I understand compression, and I know
01:32:29 Romania is a market where volatility with the labor
01:32:33 market is really high, and the rates move quite a bit.
01:32:37 So they are challenged, oftentimes with compression
01:32:40 issues as an organization, because there is such a high
01:32:46 demand in the market, and the internal pay rates aren't
01:32:50 aligning to the market.
01:32:53 So I'm guessing it has something to do with
01:32:55 that. But I don't really know what she means by
01:32:57 simulation of the -- I don't know what she's doing here.
01:33:00 Q. Okay. And so what is it -- is it fair to say

01:33:04 that Delia, based on her Friday, January 8th message at 8:26 p.m., and her earlier message at 12:40 p.m. on that same date, it's -- does it seem fair to say that she believes that the compression issue is -- what -- well, what do you understand her to mean by internal equity? That it's affecting -- compression is affecting Adobe's internal equity or badly affecting internal equity?

01:33:45 A. I don't -- I'm not sure what she's referencing here.

01:33:52 Q. Have you used the term "internal equity" in your work in compensation?

01:33:56 A. Yep.

01:33:57 Q. What does internal equity mean?

01:33:58 A. So we use internal equity primarily in the capacity of looking at, again, typically new hires. So what we try to do is similar to when I talked about this notion around compression, it's kind of the same concept. When you are bringing somebody in at a higher rate than everybody else in your organization, you want to be cognizant of why you are doing that.

01:34:25 There is a number of reasons. Sometimes it's compression, sometimes it's because you've got a star player, you may have a team of individuals that aren't high impact employees. There is a variety of reasons. But as managers kind of consider their decisions, we do

01:34:37 ask them to kind of think about the pay of their team
01:34:39 members, right?
01:34:41 Q. And why, though?
01:34:44 A. Because it can, again, from a management
01:34:48 perspective, just create some opportunities for
01:34:51 discussions with managers because employees talk about
01:34:53 their compensation. So if a manager can clearly
01:34:58 articulate it, then great, right?
01:35:00 But we just want them to be aware that if
01:35:02 you've got a high impact employee in your organization,
01:35:05 and you are now bringing somebody in from the outside
01:35:07 that's not proven themselves, you might have to explain
01:35:10 why. And so, you know, you have the right to do that,
01:35:13 just make sure that you understand why you are making
01:35:15 the decisions that you are making.
01:35:18 Q. Does -- is there a fear within Adobe that
01:35:23 internal inequity would affect employee morale?
01:35:27 MR. KIERNAN: Objection to form.
01:35:30 THE WITNESS: Yeah. No. How can I explain
01:35:35 internal equity? Internal equity is, again, just
01:35:39 another factor that we ask kind of managers to think
01:35:43 about as they're making decisions relative to people's
01:35:47 salaries. It's, you know, often looked at as kind of a
01:35:51 factor that you think about, but it doesn't really
01:35:57 dictate anything, it just kind of informs, right?

01:36:01 So myself, as an example, if I'm bringing in somebody from the outside and I'm thinking about what's this offer that I want to make to this individual, I will generally look at my team and see where they're positioned, you know, and kind of make a judgment call there. Because I do know that these individuals are going to be working side by side, and, you know, it can potentially have implications for me as a manager if they're performing exactly the same way and they feel like there is not a perceived fairness in terms of their pay, right?

01:36:32 MS. LEEBOVE: Q. I'm sorry, did I interrupt you?

01:36:34 A. No.

01:36:34 Q. So what would the implications be for you as a manager?

01:36:40 A. A conversation to have to explain to the individual why I made the decision that I did, right? And there may be reasons for why I do that, and I'm perfectly comfortable with it.

01:36:50 And in other instances, I may say you know what? It's not worth it to me. I don't want to create an issue where five people are going to be pissed off because this person, you know, makes more than them and haven't been here to prove themselves. So I have to

01:37:05 rationalize that as a manager.
01:37:07 Q. So why would you not want to have your
01:37:09 employees pissed off?
01:37:10 A. Why would I not want to have them pissed off?
01:37:15 You know, I generally like a happy environment. People
01:37:18 are more productive when they're not angry.
01:37:21 Q. And then is there -- could it -- is there a
01:37:23 concern that the lack of internal equity might affect
01:37:32 employee attrition?
01:37:32 A. No.
01:37:40 Q. Have you ever had an experience as a manager
01:37:42 where you did pay a team member disproportionately
01:37:49 compared to other team members and those who were not
01:37:52 paid highly complained to you?
01:37:54 A. Yeah.
01:37:55 Q. And what was the -- what happened?
01:37:58 A. So in that particular case, the individual that
01:38:00 we were bringing externally had a skill set that the
01:38:03 team didn't have. So my conversation with them was an
01:38:06 easy one for me as a manager to say, you know what?
01:38:08 This has to do with the capabilities of this individual.
01:38:12 If you want to be compensated at the same level, you are
01:38:13 going to need to go build this capability. You don't
01:38:19 have it today. So those are easy.
01:38:23 Q. And then is there a way for employees who are

01:38:25 being paid less than a peer to increase their
01:38:32 compensation to match their peer's compensation?
01:38:36 A. Themselves, no. I mean, an employee can always
01:38:39 a conversation with their manager around the
01:38:43 dissatisfaction they have around their pay. Manager may
01:38:45 or may not do anything about that. But they can't say I
01:38:48 want this and get it.
01:38:50 Q. Is there anything -- what capability do
01:38:53 managers have to address an employee's dissatisfaction
01:38:55 with his or her pay?
01:38:56 A. You have lots of capabilities. So, you know,
01:38:58 as a manager, I think you need to think about, you know,
01:39:01 whether there is justification and warrant whether you
01:39:04 want to do it. There is always the mitigating factor,
01:39:06 though, which is your budget, right? And so that's
01:39:09 probably the thing that acts as our constraint.
01:39:12 So, you know, I've been -- it's not like we
01:39:14 give a corporate budget to managers to manage, you know,
01:39:17 employees who want higher pay increases, right? So if a
01:39:21 manager feels pretty strongly they that they want to do
01:39:24 this for whatever reasons they feel are justified, and
01:39:26 oftentimes they have to find that money.
01:39:28 So like myself as a manager, I might dip into
01:39:31 my, you know, T&E and say you know what? I'm not going
01:39:35 to take this travel, I'm going to use this money instead

to reward everyone. So I've got to make trade-offs as a manager because there is no corporate funding to handle those types of situations outside of annual review.

Q. You mentioned T&E; what's that?

A. Travel and expense. My travel budget.

Q. And managers are free to take travel and expense money that they're not going to use and spend it on employee compensation instead?

A. It's not necessarily money that they're not going to use. You usually make the decision I'm not going to make this trip because I'm going to use it instead to fund this. But yeah, we have a line item in there for travel.

Q. Okay. Have you ever, as a manager, taken money out of your travel and expense budget or some -- or -- well, have you ever taken money out of your travel expense budget to use for employee salaries?

A. Not for salaries, but I've done it to reward people with a bonus.

Q. Are you aware of any managers who have asked for increases to members of their teams based on their dissatisfaction with their salary compared to another team member's salary?

A. No.

MS. LEEBOVE: May I have this marked as the

01:41:53 next exhibit, please.
01:41:54 (Whereupon, Exhibit 2491 was marked for
01:41:54 identification.)
01:42:14 MS. LEEBOVE: Q. Ms. Arriada-Keiper,
01:42:14 you've been handed Exhibit 2491 that starts on a
01:42:17 page marked ADOBE_067124 and runs through 067128 --
01:42:21 or actually 067129.
01:42:29 If you would take the time that you need to
01:42:31 have a look at that.
01:46:01 A. Okay.
01:46:02 Q. Are you ready?
01:46:03 A. Yes.
01:46:03 Q. You've had a chance to review Exhibit 2491?
01:46:06 A. Yes.
01:46:12 Q. And do you recognize this document?
01:46:13 A. I do.
01:46:14 Q. What is it?
01:46:15 A. It's an exchange between Teresa, myself and
01:46:19 Debbie where we're trying to determine what to include
01:46:22 in our newsletter.
01:46:24 Q. How frequently -- or how frequently does or did
01:46:28 you issue a newsletter?
01:46:29 A. We issue it quarterly.
01:46:33 Q. Whose job is it to issue the quarterly
01:46:35 newsletter?

01:58:56 MR. KIERNAN: Maybe ask the question then she can see if she needs to read more.
01:59:00 THE WITNESS: That's a lot to read.
01:59:01 MR. KIERNAN: There is a lot going on here.
01:59:03 MS. LEEBOVE: There is a lot going on here.
01:59:05 Q. I guess my first question is, do you recognize these -- the emails that are reflected on this document?
01:59:09 A. Yeah.
01:59:09 Q. Okay. And do you have any reason to believe that whether or not you were included as an addressee on a particular message, that the message was sent -- do you have any reason to believe the messages weren't sent or received at the dates and times reflected --
01:59:24 A. No.
01:59:24 Q. -- by the people reflected on the messages themselves?
01:59:27 A. No, I don't.
01:59:29 Q. So I'm looking at the top of page 108280, about "Determine matrix and process for merit increases."
01:59:43 A. Uh-huh.
01:59:45 Q. And I'm wondering whether the proposal here, it says, "Yes, we want to make an exception that even HIs get an increase."
02:00:02 Partly I'm wondering what this bullet point means, and then I'm wondering whether it was

02:00:07 implemented.
02:00:08 A. Yeah. So whether it was implemented or not, I
02:00:09 can't tell you without going back and checking stuff.
02:00:13 But let me see if I can tell you what I think it means.
02:00:24 The timing of this, so I'm wondering if part of
02:00:26 this issue was that we were going into kind of a year
02:00:32 that was kind of a downturn for the market, and so I'm
02:00:36 thinking that we didn't have the budgets that we had so
02:00:39 we were having to be a little bit more limited in terms
02:00:41 of the allocation of budgets. (Inaudible reading from
02:00:54 document).
02:01:12 Yeah. So my sense here is we were trying to
02:01:15 look at kind of the different populations of people that
02:01:18 we had based on their contribution levels and see kind
02:01:21 of where they were positioned within their ranges. So
02:01:27 it looks like we were doing that -- that analysis.
02:01:31 Q. Were you discussing, in these email messages,
02:01:32 the review process that would happen at the end of 2008
02:01:38 that would affect salaries for 2009?
02:01:41 A. Correct. Yeah. So engaging this, we were kind
02:01:44 of trying to determine what our parameters or guidelines
02:01:47 were going to be for salaries that would go into effect
02:01:51 in 2009. Yes.
02:01:52 Q. Okay.
02:01:55 A. So it looks like we were trying to do some

02:01:58 modeling around HIs and currently where they were
02:02:01 positioned against their range.

02:02:05 Q. What does compa-ratio mean?

02:02:08 A. Compa-ratio is where your base salary is
02:02:12 relative to the midpoint of the range. So somebody who
02:02:15 is around the midpoint of the range would have a
02:02:17 compa-ratio of a hundred percent. If you are above the
02:02:21 midpoint of the range you would have a hundred plus.
02:02:22 And if you are below the midpoint of the range, you are
02:02:25 going to be less than a hundred percent. So it just
02:02:28 tells people where you are relative to the midpoint of a
02:02:30 range.

02:02:31 Q. Okay.

02:02:32 And are the -- wherever on this document I see
02:02:38 the initials RAK --

02:02:39 A. Yeah.

02:02:39 Q. -- is that your --

02:02:41 A. My response.

02:02:42 Q. Does that reflect your inserts to the text
02:02:44 here?

02:02:45 A. Yes.

02:02:45 Q. What did you mean when you said, "We have
02:02:47 always said that ideally an HI should at minimum be at
02:02:52 the midpoint of their range which equates to CR of 100
02:02:56 percent."

02:02:57 A. So generally speaking, when you are kind of looking at differentiation and you are looking at kind of where people should be positioned within the range, one of the things that you look at is somebody that's a high contributor, you want to be positioning them around the midpoint or higher, you know, from a differentiation perspective. So that's what that statement means. On aggregate, right?
02:03:22 Again, individuals fluctuate up and down for a number of reasons, but when we look at it from an aggregate level, we try to see that generally speaking, they're at midpoint or above.
02:03:37 Q. Skipping down to your comments in the center of page 108280 where we see your initials colon, "In the past the philosophy."
02:03:49 A. Yeah.
02:03:53 Q. Could you review that paragraph there and tell me what you meant?
02:03:58 A. Yeah. Yeah. I think what this statement is around is the fact that we never had any formal guidelines around a promotion. So what we did is we had conversations with managers who were interested in promoting somebody. We would advise them of different things that they should consider when looking at that, position in the range, their contribution level, but we

02:04:37 never really dictated to them a particular guideline
02:04:39 like we did for annual review that says you should give
02:04:43 X percent. So what we did is we created some guidelines
02:04:46 around, you know, what they should consider when doing
02:04:49 this.
02:04:50 Q. And when doing what?
02:04:53 A. Making a promotion.
02:04:55 Q. Does this paragraph here specifically refer to
02:04:57 making promotions?
02:04:58 A. Yeah.
02:04:59 Q. Okay.
02:05:00 MR. KIERNAN: See the bullet right above it.
02:05:03 THE WITNESS: "Provide you a few options
02:05:04 for '09 promo guidelines."
02:05:10 MS. LEEBOVE: Q. So what did you mean here
02:05:12 when you said, "Comp's general recommendations has
02:05:14 been 3 percent plus whatever the merit matrix would
02:05:17 dictate"?
02:05:18 A. So oftentimes managers will use the annual
02:05:23 review process as a -- an opportunity to promote people.
02:05:27 So they just kind of condensed it into one process. So
02:05:31 what we would typically do is a promotion should be
02:05:35 additive to their merit. Because merit you are looking
02:05:38 at the performance based on the job they did, a
02:05:41 promotion is now rewarding them for something they are

02:13:35 have to be treated separately and distinctly kind of operating under their own kind of rules and as independent companies.

02:13:43 So the timing of the Omniture acquisition came at a point in time when we finally integrated as a company right in the midst of annual review. Well, because we were operating as two independent entities, we weren't factoring in doing salary budgets for Omniture. They looked like they were factoring doing their own budgeting, under their things.

02:14:04 So as an integrated company we had to go through the actions figuring out how we were going to make all this happen, given that we hadn't been planning for them, and they had only been planning for a 3 and a half percent. And so it changed, kind of. We had set down the path of not incorporating Omniture into any modeling we were doing, and now with the integration of the company we had to kind of figure out what we were going to do going forward.

02:14:23 Q. And Donna Morris wrote here, it says, net -- I'm not sure who that refers to.

02:14:36 A. I don't know either.

02:14:37 Q. "We need to recommend the matrix or matrices that will provide market competitive base salary adjustments. And we should not force ourselves to make

02:14:48 up all of the PS going away."
02:14:51 What does that mean?
02:14:53 A. I'm not sure what she's referring to. I think she might have been referring to profit sharing because it was the year that we eliminated our profit sharing plan.
02:15:06 Q. Profit sharing was eliminated when?
02:15:08 A. Oh, gosh. Was it 2009 or 2008? It must have been in 2008, because we were looking to make these changes for the fiscal year -- well, wait. This is in December of 2009, so we're making decisions for '10. So maybe we did away with it in '09.
02:15:30 I don't know. I have to go back and look. But we eliminated it at some point, so people were feeling the angst of that, right?
02:15:40 Q. So was there -- is she -- does Donna Morris appear to be suggesting that Adobe needs a matrix that will increase base salaries?
02:16:12 MR. KIERNAN: Object to form.
02:16:13 THE WITNESS: Yeah. It's really hard for me to understand what she meant. Pretty cryptic.
02:16:29 MS. LEEBOVE: Q. Did Adobe ever adjust base salaries versus base salary ranges?
02:16:42 A. So we --
02:16:45 MR. KIERNAN: Hang on. Object to form.

02:16:47 Go ahead.
02:16:48 THE WITNESS: So we, as part of our annual
02:16:51 review, adjust salary ranges. That's what we do. They
02:16:54 either go up or they go down. Salary ranges, Adobe does
02:16:59 not adjust. The managers do that based on any types of
02:17:04 budgets that we give to them.
02:17:05 MS. LEEBOVE: Q. I think you just meant
02:17:07 salaries.
02:17:08 A. I mean salaries. Correct.
02:17:18 Q. But does it appear that Donna Morris is
02:17:20 suggesting that Adobe needs to provide market
02:17:25 competitive base salary adjustments?
02:17:28 A. I'm not sure what she's getting at. That's,
02:17:30 you know, not how I would interpret this.
02:17:41 Q. Do you know whether Adobe adjusted base salary
02:17:44 ranges to make up for profit sharing -- to make up for
02:17:49 the elimination of profit sharing?
02:17:51 A. No. Because base salary ranges have nothing to
02:17:54 do with profit sharing. That's kind of an incentive
02:17:57 bonus. So no.
02:18:06 Q. Is AIP in the -- there is a -- there are two
02:18:09 sets of bullet points. There is a first set that has
02:18:12 three bullet points and a second set of bullet points
02:18:15 are just two.
02:18:16 A. Yeah.

02:18:16 Q. Is AIP referring to the annual incentive plan?
02:18:19 A. It is.
02:18:19 Q. What does that sentence mean, that AIP is used in?
02:18:22 A. "How do we carve out ICs that are getting an AIP bump in the matrix." So....
02:18:34 MR. KIERNAN: Let me object to form.
02:18:38 THE WITNESS: So I'm not exactly sure what she's trying to say here, to be honest with you. "Carve out ICs that are getting an AIP bump in the matrix."
02:18:57 Yeah. I guess I need more context. I don't know what she's trying to do or say here.
02:19:04 MS. LEEBOVE: Q. Well, if you don't, I don't.
02:19:07 A. Sorry.
02:19:08 Q. No, no. You only know what you know.
02:19:12 A. Okay.
02:19:14 Q. Nobody can make you know more.
02:19:20 Our next exhibit, I believe, it's Exhibit 2493.
02:19:34 (Whereupon, Exhibit 2493 was marked for identification.)
02:20:28 MR. KIERNAN: Actually, sorry, any time you see highlights, they're her highlights.
02:20:34 MS. LEEBOVE: I'm sorry. How have I done this again? Yet again. Thank you.

02:26:38 Q. Did I read that right?
02:26:39 A. Yes.
02:26:40 Q. What's the Ops Staff?
02:26:42 A. At that point in time it would have been any
02:26:45 individuals that were direct reports of Shantanu
02:26:48 Narayen.
02:26:51 Q. Does Ops staff -- has Ops Staff historically
02:26:54 referred to the CEO's --
02:26:57 A. Direct reports? Yeah.
02:27:08 Q. And the reference to human resources, are the
02:27:09 human resources folks referred to here different than
02:27:14 compensation --
02:27:15 A. It could be --
02:27:16 Q. -- team members?
02:27:18 A. Yeah. It could be. There is a number of
02:27:19 people that review it. So compensation would definitely
02:27:22 be included in the human resources population, but it
02:27:24 could also include business partners.
02:27:27 Q. And does it appear to you that for this year,
02:27:30 for a Total Rewards Approach 2009, that human resources
02:27:37 reviewed the actual salaries --
02:27:41 A. Uh-huh.
02:27:41 Q. -- of high performing employees versus the
02:27:44 salary ranges of high performing employees?
02:27:46 MR. KIERNAN: Object to form.

02:27:47 THE WITNESS: So in 2009, or any year, we always look at the range and the salaries. So that's no different.

02:27:55 MS. LEEBOVE: Q. Does Adobe always review the salaries of high performing employees to ensure base pay is positioned within the market competitive range?

02:28:02 A. We look at all salaries and where they're positioned. Not just high impact.

02:28:15 Q. And is the purpose of looking at all salaries to ensure that base pay is positioned within the market competitive range?

02:28:23 A. Yes. And also to help us figure out -- so when I described to you kind of the market analysis process, you know, one component of it is looking at whether your ranges need to be adjusted or not to determine whether the range is competitive to market.

02:28:38 The second part of that process is, is looking at individuals and where they're positioned against these adjusted ranges, which then determines your focal budget. So we do that for everybody, and that rolls up to help determine a focal budget.

02:28:52 Q. Okay. It appears for this year, for FY2009, managers were not required to identify their low perform -- or managers -- every manager was still

02:29:08 expected to identify low performers, but there wasn't a
02:29:11 forced distribution of 5 percent. What does that mean?
02:29:16 A. I --
02:29:18 MR. KIERNAN: Object to form.
02:29:21 THE WITNESS: Yeah. We go through an exercise
02:29:25 of having to label employees, and I think we continued
02:29:34 to do that. So every manager had to go in and kind of
02:29:37 assess their employees and give them a ranking.
02:29:40 MS. LEEBOVE: Q. But were managers not
02:29:42 required to adhere to the ranking curve in 2009?
02:29:47 MR. KIERNAN: Object to form.
02:29:48 THE WITNESS: Yeah. It's hard for me to kind
02:29:50 of understand what Donna was getting at here.
02:29:53 Again, the distribution has always been a
02:29:56 guideline, right? So whether we actually stay or not
02:30:02 within that distribution has always been up to kind of
02:30:04 the discretion of the manager. So --
02:30:09 MS. LEEBOVE: Q. And subject to budget
02:30:10 restraints?
02:30:11 A. Yeah. Yeah.
02:30:33 Q. You can set that aside. I'll hand you
02:30:36 something new, and unhighlighted hopefully.
02:30:47 Mark that the next in order, please.
02:30:58 (Whereupon, Exhibit 2494 was marked for
02:30:58 identification.)

02:37:19 A. For promotions and specific to markets. So mature markets would have been something like the United States, the UK, then you have your growth markets and you have your high growth market. So it would have been based on geography.

02:37:36 Q. There is a sentence here that reads -- it's under salary increases and promotional budgets, and I think it's the penultimate sentence. It says, "We have also provided promotional guidelines to assist in making salary recommendations and ensure equity across the company."

02:37:57 A. Uh-huh.

02:37:59 Q. Was ensuring equity across the company one of Adobe's compensation goals?

02:38:04 MR. KIERNAN: Objection. Form.

02:38:05 THE WITNESS: Yeah -- no, it's not a compensation goal. It's a factor that you want to consider.

02:38:12 MS. LEEBOVE: Q. I know we've discussed before that it's -- or you've mentioned before that equity is a factor that Adobe would consider and that equity was a guideline or an aspiration. But here this says ensure equity.

02:38:36 MR. KIERNAN: Hang on. I don't think there is a question.

02:38:38 MS. LEEBOVE: There isn't a question yet.
02:38:41 Q. So I'm wondering how -- does -- well, does it appear to you here that equity was an aspiration or it was something that would be ensured?
02:39:00 MR. KIERNAN: Objection to form.
02:39:02 THE WITNESS: So I -- I can't, I guess, articulate what it is that -- the point that was trying to be made here. Let me give you my interpretation of this.
02:39:12 My interpretation of this is that what we were trying to do was create a set of guidelines around promotions that could be consistently applied around the world. So it doesn't mean, you know, consistently do this everywhere, but if you are in a mature market and you are thinking about giving a promotion to somebody, think about a guideline of 3 to 6 percent. Whereas before, there was no guideline and people could do whatever they wanted. That's what I think this message is about.
02:39:40 Q. Okay. On page 068164, there is a reference to a salary range website.
02:39:49 A. Yeah.
02:39:49 Q. What is the salary range website?
02:39:52 A. So a salary range website is a tool that we have available to managers whereby they can look at a

02:39:59 salary range for an associated job.
02:40:04 Q. Is the salary range website only accessible by
02:40:07 managers --
02:40:07 A. Yes.
02:40:08 Q. -- and above?
02:40:09 A. Uh-huh.
02:40:12 Q. Do ordinary individual contributors and other
02:40:16 nonmanagerial employees ever have access to the salary
02:40:20 range website?
02:40:21 A. Not individual contributors. If you are in HR,
02:40:25 so a recruiter, you would have access to that
02:40:29 information. Compensation does.
02:40:31 Q. Are recruiters who have access to the salary
02:40:35 range website free to share that information with other
02:40:39 nonmanagerial colleagues?
02:40:41 A. So we don't have a particular policy that says
02:40:44 you shouldn't be sharing this information. Whether they
02:40:48 do or don't, I don't know.
02:40:50 Q. Has the salary range website existed -- or did
02:40:54 a salary range website exist throughout the class
02:40:56 period?
02:40:57 A. I think so. It's been around for a long time.
02:41:01 I'd have to go back and look at when it was actually
02:41:04 developed. But we've had them for a long time, so....
02:41:10 Q. Is there a -- do you know whether you made an

02:41:15 attempt, personally, to collect documents or printouts from the salary range website as part of your gathering of documents for this case?

02:41:25 A. I personally didn't, no.

02:41:31 Q. Is the salary range website archived anywhere that you know about?

02:41:35 A. The salary range website is not archived anywhere that I know of. We feed the salary range website, so we create those ranges. So we have those.

02:41:45 Q. And are the ranges -- are they -- can you look back at historical data on the salary range website or does it only post the current salary ranges?

02:41:55 A. Only posts the current. Yeah. Doesn't stop managers from printing and saving it themselves. I mean, they have the ability to do that.

02:42:06 Q. Under Equity Review, on page 068164.

02:42:10 A. Okay.

02:42:12 Q. The third bullet point states, "The top 50 percent of employees will receive grants," I'm skipping the parenthetical here, "and we will not allow leaders to target less than 50 percent of the population."

02:42:25 A. Yeah.

02:42:26 Q. What does that mean?

02:42:26 A. So what that means is similar to a salary budget, when it comes to equity, managers receive a

02:42:33 certain number of shares. And so what we were
02:42:36 encouraging them to do is make sure that you at least
02:42:41 allocate shares based on performance to 50 percent of
02:42:44 your population.
02:42:45 Sometimes what managers like to do is say, I'm
02:42:47 going to give less, go less deep, so I can give more to
02:42:51 individuals. And we were saying, no, at a minimum, you
02:42:54 need to at least hit 50. If you want to go deeper than
02:42:57 that, by all means go ahead, but we want you to hit at
02:42:59 least 50 percent of the population when you do this.
02:43:02 Q. And for this particular year, at least, I think
02:43:04 you used the word encouraging, but here it says we will
02:43:07 not allow leaders to target less than 50 percent of the
02:43:10 population. How did Adobe accomplish that?
02:43:14 MR. KIERNAN: Object to form.
02:43:15 THE WITNESS: I don't know. I don't know how
02:43:17 we accomplished it.
02:43:23 MS. LEEBOVE: Q. Does it appear to you
02:43:24 that at least for the year 2009, that giving grants
02:43:34 to 50 percent of the population was a directive as
02:43:39 opposed to something that was just encouraged?
02:43:41 MR. KIERNAN: Object to form.
02:43:44 THE WITNESS: I don't know. Yeah. I don't
02:43:46 know if it was a directive or not.
02:43:55 MS. LEEBOVE: Q. Have there -- in your

02:43:57 experience at Adobe, have there ever been
02:44:02 directives -- well, has the company ever issued
02:44:05 directives about salary -- well, has the company
02:44:11 ever issued salary directives as opposed to salary
02:44:15 guidelines?
02:44:17 A. Yeah, um, I guess I just really struggle with
02:44:21 the directive for the guideline. So, you know, we
02:44:24 position things as these are your guidelines. Here is
02:44:28 your budget. Typically people follow the guidelines.
02:44:31 So, you know, if they didn't, you know, I don't know if
02:44:37 we've made exceptions or not. I'm not privy to that,
02:44:40 so....
02:44:42 Q. Okay. If we could, for a moment -- or if you
02:44:49 could, please take a look back at Exhibit 2487.
02:44:53 A. Okay.
02:44:54 Q. It's the one that looks like this. Well, and
02:44:57 it's the one that says Exhibit 2487 on it, if that
02:45:00 helps.
02:45:03 A. Eighty-seven. Yeah.
02:45:05 Q. If you turn to page 100614.
02:45:10 A. Okay.
02:45:20 Q. Can you tell me what this page reflects?
02:45:23 A. So these are the salary matrices that we've
02:45:27 been referencing. The guidelines.
02:45:33 Q. And I know that these are the salary matrices

02:45:37 for the particular year, I believe this says it's the December 2009 -- created in December 2009, but the 2010 annual performance review.

02:45:47 A. Correct. For review period 2009. Yep.

02:45:51 Q. But did salary increase matrices like those that appear on page 100614 exist for other years within the class period?

02:46:00 A. We've created these in the past, yes.

02:46:02 Q. Have matrices like these been created -- were they created for 2005?

02:46:09 A. I'd have to go back and look. They might look different, so from a matrix perspective we've always had kind of a certain ranking and a certain range. You know, whether we broke them out to this level of, you know, growth versus high growth, I don't remember. I'd have to go back and look. But generally, we've always had a ranking and a range.

02:46:36 Q. And we've talked about how in the past there were three performance rankings and then there were four performance rankings and now there are no performance rankings; is that correct?

02:46:47 A. Correct.

02:46:47 Q. But when you say we've always had something along the lines of the salary increase matrices that appear on page 100 -- well, is it fair to say that Adobe

02:47:01 has always, during the time that you've been there, had salary increase matrices that resemble what we're looking at here on page 100164?

02:47:13 A. With the exception of now, yes.

02:47:18 Q. Can you tell me what the different boxes -- what the different charts --

02:47:21 A. Yeah.

02:47:22 Q. -- and the different boxes in the charts refer to?

02:47:25 A. Yes. So we've got a set of matrices or guidelines for ICs, individual contributors, those are across the bottom, and they're representative of specific geographies. So if you look at the middle box under ICs for example, this matrix would have been applicable to Czechoslovakia, Poland, Korea those countries listed underneath it.

02:47:51 The one next to the right included China, India, Romania, and then every other location fell under this first box, U.S. plus anything that didn't fall into the other two boxes.

02:48:02 Q. What do the initials ROW mean?

02:48:06 A. Rest of world.

02:48:08 Q. How handy.

02:48:09 A. Uh-huh. And then similarly, we have the same kind of construct but for managers.

02:48:19 Q. Okay. All right. Thank you.
02:48:23 A. Uh-huh. You are probably learning more about comp than you ever wanted to know.
02:48:33 Q. I always wanted to know.
02:48:35 MR. KIERNAN: Can we take a five-minute break?
02:48:37 MS. LEEBOVE: Sure.
02:48:38 THE VIDEOGRAPHER: This is the end of video No. 4.
02:48:39 The time is 2:48 p.m. We're going off the record.
02:56:33 (Recess taken.)
03:01:48 THE VIDEOGRAPHER: This is the beginning of video No. 5.
03:01:51 The time is 3:01 p.m. We're back on the record.
03:01:57 MS. LEEBOVE: Okay. May I please have this exhibit next. I believe we're at Exhibit 2495.
03:02:18 (Whereupon, Exhibit 2495 was marked for identification.)
03:02:30 MS. LEEBOVE: Q. Ms. Arriada-Keiper, you've been handed Exhibit 2495, it is Bates stamped ADOBE_086264 through 086272.
03:02:45 In our desire to save some trees and print double-sided, sometimes these are a little bit -- you have to flip them around a couple times as you are

03:07:22 human resources is, you had a lot of specialized jobs.
03:07:28 And as the teams began to evolve and we started to take
03:07:33 on different work, we were getting less specialized and
03:07:36 people were taking more of a generalist role. And so we
03:07:40 went through an effort of rather than having -- how many
03:07:40 jobs is it here -- 18 families, we consolidated down to
03:07:44 kind of a management job family, an individual
03:07:47 contributor job family, and kind of limited the overall
03:07:51 numbers.
03:07:52 Like when we first started, you would have had
03:07:54 a job family for benefits, for compensation, for
03:07:59 learning and development, for recruiting, whole bunch of
03:08:02 them. So as an organization, what we just said is we
03:08:06 are instead going to kind of combine into a benchmarking
03:08:13 job code that exists in the market, which is kind of a
03:08:15 consolidated job code. So it's like a -- it's a general
03:08:19 HR job code. And so we started to use that within HR.
03:08:23 And it was to move away from kind of this idea
03:08:28 that a compensation particular role was -- you know, had
03:08:33 a greater value than a recruiting role did, versus a
03:08:37 learning and development one.
03:08:44 Q. Would it have been -- do you know which
03:08:47 department within Adobe would have been responsible for
03:08:51 consolidating job codes in any department other than HR?
03:08:56 A. So if we were going to go through a

03:08:58 consolidation exercise, compensation would have to get
03:09:00 involved in that anywhere in the company.
03:09:04 Q. Have there been consolidation exercises
03:09:08 anywhere else in the company besides HR since you've
03:09:10 worked at Adobe?
03:09:12 A. I don't know specifically. I think pockets of
03:09:14 the organization may have -- or at least they were
03:09:17 looking at it. I don't know what actually ended up
03:09:20 happening of it, but I know in IT they were managing
03:09:22 quite a large quantity of jobs.
03:09:26 You know, on the development side, they wanted
03:09:30 to create a job path for individual contributors that
03:09:35 was equal to kind of a management path. So we have done
03:09:38 some shifting in pockets of the population, but -- or at
03:09:41 least done some analysis. I don't know if it's actually
03:09:43 kind of come to be anything.
03:09:46 Q. Okay. On page 5 of the document, the very last
03:10:09 bullet point says, "Goal is to have employees paid
03:10:13 within the salary range at least the minimum."
03:10:18 Is that a goal throughout -- is it a goal
03:10:23 throughout Adobe to have employees paid within the
03:10:25 salary range, at least at the minimum?
03:10:29 MR. KIERNAN: Object to form.
03:10:30 THE WITNESS: So again, we create a salary
03:10:32 range because we believe that this range constitutes

03:10:35 kind of committed -- competitive practice, and, you know, we encourage managers to compensate people competitively. We don't dictate to them that they have to get people to the minimum of the salary range. That's their discretion.

03:10:57 MS. LEEBOVE: Q. And how did the new HR job structure eliminate salary range barriers?

03:11:02 A. So I think, again, what it did is in essence it took, you know, specific salary ranges. You might have had -- let's say you were a compensation analyst for -- you might have had X salary range. If you were a benefits one, you had Y. If you were a recruiting, you might have had a different one.

03:11:23 And what we did is we just said rather than having kind of all of these unique and different ranges that are tied, you know, to these specific functions, let's just create an HR one that can be used across the board. And it kind of eliminated this barrier of, oh, that job is more highly valued than this job is. And so we consolidated that way. But it's still tied to the market. There is a benchmark job that we use and we have to tie that to the market.

03:11:52 Q. So we had discussed before, and I believe it's in the Morris declaration itself, that each job code has its own salary range.

03:12:12 A. Uh-huh.
03:12:14 Q. Is that not the case in HR now?
03:12:18 A. It still does. So the job code that we're now using for these jobs has a specific range tied to it.
03:12:24 Q. But does each job code refer to more than one job?
03:12:28 A. There is different types of jobs that make up that job code. Yeah.
03:12:36 Q. Well, if we -- going -- turning back, then, to -- that's it, you've got it, to Exhibit 2486, and specifically to paragraph 4, we had talked before about the sentence that says, "To help guide compensation decisions, Adobe assigned each employee a job code which has an associated job description, experience and education level."
03:12:59 A. Uh-huh.
03:12:59 Q. And we -- you and I had also talked about how each job code also has a salary range associated with it, right?
03:13:07 A. Yeah.
03:13:08 Q. But my question is, are job codes individualized or -- well, how many jobs can fall within a single job code?
03:13:20 MR. KIERNAN: Let me object to form.
03:13:23 THE WITNESS: Yeah. So you have -- the job

03:33:29 but I think it might have even required the board of
03:33:32 directors to agree.
03:33:39 Q. Do you know whether the decision was -- do you
03:33:47 know whether the motivation to eliminate profit sharing
03:33:50 came from the board of directors down, or was the
03:33:54 decision raised up to the board of directors from the
03:33:56 managers?
03:33:56 A. That, I don't know.
03:33:58 Q. Okay. Turning back to the Morris declaration.
03:34:43 A. Okay.
03:34:54 Q. If you could just read through paragraphs 9
03:34:56 through 11 and just let me know if there is anything
03:35:00 about those paragraphs that you would change if you --
03:35:05 if this was your declaration to make it more accurate or
03:35:07 truthful.
03:35:15 Let me rephrase that as a question. Would you
03:35:17 please look through paragraphs 9 through 11 of the
03:35:20 Morris declaration and let me know if there was anything
03:35:23 you would change if it were your declaration to make it
03:35:26 more accurate or truthful?
03:36:36 A. So this resonates.
03:36:38 Q. Is it all --
03:36:41 A. I'd have to go back and validate the dates, and
03:36:43 I don't know that the wording would be exactly what I
03:36:45 would use, but in concept, yes. There is nothing here

03:36:48 that I believe to be untruthful.
03:36:57 Q. Okay. Moving on to paragraph No. 12.
03:36:59 A. Okay.
03:37:02 Q. And 13. Actually, if you could read 12 and 13
03:37:05 and let me know when you've had a chance to do that.
03:37:11 A. Okay.
03:37:52 Okay.
03:37:59 Q. Was there any -- well, I guess my first
03:38:02 question is the paragraph 12 states that, "Adobe
03:38:07 assigned each job code a broad salary range."
03:38:12 Am I reading that right?
03:38:13 A. Uh-huh.
03:38:15 Q. Did you testify earlier that job codes
03:38:17 encompassed multiple job titles?
03:38:23 A. They can, yes.
03:38:24 Q. So if there is a broad salary range associated
03:38:27 with a job code, is it possible that this reflects the
03:38:34 fact that there are multiple job titles included in the
03:38:38 job code?
03:38:38 A. No. The breadth of the salary range she refers
03:38:42 to is we apply a spread. So what we typically do is we
03:38:45 target the market, 65th percentile of the market, and we
03:38:48 create our own spread, say, let's apply a 50 percent
03:38:51 spread, and that creates your minimum and your maximum,
03:38:53 right?

03:38:54 Q. What do you mean a 50 percent spread?
03:38:58 A. So there is basically a formula that we apply, and that formula helps us to determine what the minimum and the maximum is going to be based on this midpoint of the range that we target.
03:39:11 Q. The minimum and maximum of what?
03:39:12 A. The salary range.
03:39:14 Q. For a particular job title or a particular job code?
03:39:16 A. Job code.
03:39:29 Q. So I'm just trying to --
03:39:31 A. Yeah. That's okay.
03:39:32 Q. Trying to understand this. So when you say that you develop a spread, do you develop a spread for each job code that's narrower than the salary range itself?
03:39:44 A. So the market data doesn't have a salary range, right? The market data will tell you for this job, here's the 25th percentile value, the 50th, 75th, the 90th. We happen to target the 65th, so we take that.
03:39:58 So let's use, as an example, the computer software engineer, right? That 65th market value might be $100,000, right? What we then do is we say we need to create a minimum and a maximum for this range. And what you generally do is for the vast majority of the

03:40:15 jobs, I think we use -- I have to go back. I haven't
03:40:17 looked at kind of what our approach has been, but I
03:40:21 think it's a 60 percent spread. So it's just a
03:40:23 mathematical formula, and that's applied for all the
03:40:26 jobs.
03:40:27 So the differentiation or the market data piece
03:40:30 comes in really in defining that midpoint value. The
03:40:33 minimum and the maximum are going to be the same formula
03:40:36 across all jobs in the company. As you start to get
03:40:39 into higher level jobs, i.e. senior directors and VPs,
03:40:43 that spread that applies, instead of 60 percent, you
03:40:45 might see something closer to, like, 77 percent. A
03:40:48 little bit of a wider band. But that's what we mean
03:40:51 when we talk about the spread.
03:40:54 Q. Okay.
03:40:55 A. It's very formulaic.
03:40:58 Q. And then do compa-ratios play any role in
03:41:03 targeting employees' salaries within the salary range?
03:41:08 MR. KIERNAN: Object to form.
03:41:10 THE WITNESS: Yeah -- no. Again, compa-ratio
03:41:14 is more something a manager uses to inform where a
03:41:18 person's salary is relative to the range. So if I'm
03:41:20 trying to think about where I want to position a person,
03:41:25 compa-ratio is not very helpful to me. You know, when
03:41:28 it is helpful to me is, you know, as I'm going through

03:41:31 the annual focal review process and I've got this budget, and I'm looking at this individual and I'm saying, oh, right now they're sitting at a compa-ratio of, I don't know, let's say 115 percent, that tells me they're very close to the maximum of the range.

03:41:45 So depending on this person's contribution, let's say this person is a solid contributor, I might sit there and go, okay, this person is performing, a solid contributor. They're already really well paid against the market, because they're on the high end. Maybe I don't need to use all of my salary range or the guideline, as an example, to pay them a specific amount because they're already really well paid, right?

03:42:06 And I may have somebody on that team that maybe is a high impact employee. And really, from a competitive perspective, I want them to be higher on the range and they're not. So maybe I'll use this person's dollars to help move that person along. That's where compa-ratio is helpful to managers.

03:42:25 MS. LEEBOVE: Q. Okay. In paragraph 13, I'm looking at lines 22 to 23.

03:42:32 A. Okay.

03:42:34 Q. And it says, "Adobe management has at times decided to bring some performing employees, excluding low performers, up to the minimum of their salary ranges

03:49:13 A. Yeah.
03:49:15 MR. KIERNAN: Different jobs or different job titles. It was just a --
03:49:20 MS. LEEBOVE: Of two different --
03:49:24 THE WITNESS: Job titles.
03:49:25 MS. LEEBOVE: Q. -- job titles within the same job code.
03:49:27 A. Yeah. So you could have a -- a marketing -- like here's an example. A marketing manager and an employee communications manager both share the same job code. Well, they share the same job family. Depending on level, they might have a different code.
03:49:57 Q. And so are they -- but the employee communications manager and the marketing manager operate at the same job level, they just have the same job code? Can you explain how that works?
03:50:14 A. Yeah. So they're not necessarily operating at the same level. So you could have a situation if an employee communications manager and a marketing manager are operating at the same level, they would have the same job code. Because every job code has a specific level tied to it, right?
03:50:35 But, an employee communications manager, their primary responsibility is to draft marketing communications that are, you know, internally focused to

03:50:46 our employees. Whereas a marketing manager might be
03:50:49 putting together a marketing collateral that's
03:50:52 externally facing.
03:50:53 So from our perspective, the role, for the most
03:50:56 part, is kind of the same. The nuance there is your
03:50:59 audience. So they consider themselves very different
03:51:01 roles. If you talk to any one of those people, they're
03:51:04 going to say we don't do the same thing. But from a
03:51:06 benchmarking perspective, the core of what they do is
03:51:08 the same. So they have different titles but they're in
03:51:11 the same job. Does that help?
03:51:13 Q. It does.
03:51:14 And they could be -- and in your scenario, that
03:51:18 employee communications manager and marketing manager
03:51:20 could be compensated differently as well?
03:51:22 A. Uh-huh. They could. Based on their
03:51:25 contributions. If one is new into the role versus
03:51:30 someone whose got more experience. There is a number of
03:51:33 factors. That's where that range kind of spread allows
03:51:36 you that flexibility, right?
03:51:38 Q. Does Adobe conduct any studies about where
03:51:46 on -- well, I guess, does Adobe conduct any studies
03:51:49 about where employees fall within their salary ranges?
03:51:54 A. Yeah. Well, when you say studies, we run
03:51:57 reports that show us kind of, again, you know, where

employees are falling within the ranges.

Q. And do most employees tend to fall -- well, I mean, where do employees tend to -- is there, like, some sort of -- I guess where is the greatest represent -- well, I don't even know how to ask this question, which reflects my lack of sleep.

How often are employees paid at the very bottom, the very minimum of their salary range?

MR. KIERNAN: Object to form.

THE WITNESS: I don't know how often. I'd have to run a report to see, you know, how many people are currently positioned at the lower end of the range. So kind of you run these reports at a snapshot in time, right? And people kind of are entering the work environment and leaving the work environment.

So, you know, generally, you know, you are not always going to see an exact replica depending on the snapshot in time that you are taking. Like I would venture to say that if you look at a snapshot now, it's going to look very different than what it did potentially a year ago.

But as part of the annual review process, we do look at, you know, where people are positioned, you know, how many people are above the midpoint, how many people are below the midpoint, how many people are above

03:53:30 the maximum. Because as part of the market analysis
03:53:32 that we do, that helps inform us in terms of how much
03:53:36 money we might potentially need or need to request from
03:53:40 finance as part of the focal process.

03:53:44 MS. LEEBOVE: Q. So what would it tell you
03:53:45 if you see that a significant proportion of
03:53:50 employees are positioned at the low end of their
03:53:53 salary range?

03:53:54 A. So that would tell us that while our ranges may
03:53:57 be competitive, where people are positioned to those
03:54:00 ranges is low, and, you know, we would probably request
03:54:05 some additional funding to help kind of move that along.
03:54:09 The problem with that is we're always constrained by
03:54:11 that conversation with finance to say, you know, can we
03:54:15 afford it or not.

03:54:16 And you see that happening not so much in the
03:54:18 U.S. because it's a mature market and we -- there is not
03:54:21 a lot of volatility, so people's positioning doesn't
03:54:25 tend to shift as much. But again, in these those
03:54:27 emerging markets, Romania, India you see people shifting
03:54:32 in their positions all the time.

03:54:33 Q. And you mentioned having to go to finance to
03:54:35 ask for more money or ask for money. Who is it -- who
03:54:40 is it within finance who you interface with? Who
03:54:44 compensation interfaces with?

03:54:45 A. We interface with the VP of FP&A, financial planning and analysis. And so the person we had been interfacing with left, so I don't know who that replacement will be for next year.
03:55:01 Q. Had you -- had -- in your time in the compensation department, had you been interfacing with this particular VP of FP&A --
03:55:09 A. For many years.
03:55:09 Q. -- for many years.
03:55:10 Did you consult with this person -- was he or she your point person in finance throughout the class period?
03:55:16 A. Oh, gosh.
03:55:17 Q. When I say "your," I mean the compensation department.
03:55:19 A. Yeah. The compensation department. Yeah. Probably, if not directly with him, somebody within his team.
03:55:27 Q. And what is -- what was the VP of FP&A's name?
03:55:32 A. Joe Namath.
03:55:36 Q. Joe Namath?
03:55:38 A. Like the football player.
03:55:39 Q. Was there anybody else that you dealt with in -- tell me what FP&A stands for.
03:55:45 A. Financial planning and analysis.

03:59:15 Q. -- where Ms. Morris writes that managers had discretion within guidelines and discretion to override guidelines in most instances. Do you see that in paragraph 16?

03:59:30 A. Yeah.

03:59:30 Q. In what instances did managers not have discretion to override guidelines?

03:59:38 A. I don't think in any instances, right? They did.

03:59:43 Where -- so they always have discretion. Where, you know, you might see more involvement of HR to really have a conversation with managers to kind of reaffirm that they are, you know, really looking at this the right way.

03:59:58 If you have a low performer and you are giving them, you know, the increase level equivalent to an HI, we're going to sit down with you and ask you why are you doing that, right? At the end of the day, they've got to own that decision and they can say HR you need to stay out of this and I'm doing this. But, you know, those are the types of examples, I think, where you would -- a lightbulb would go off or a red flag would go off for us to say what are you doing here.

04:00:27 Q. But there are genuinely no instances where HR has clipped a manager's discretion?

04:00:32 A. Not that I've personally been involved in. Somebody unbeknownst to me, but no.
04:00:39 Q. And tell me how did -- and by -- is it fair -- is it fair to refer to compensation as HR?
04:00:47 A. We're part of HR.
04:00:48 Q. Okay. So Ms. Morris writes at lines 18 to 19 on page 5 --
04:00:55 A. Yeah.
04:00:56 Q. -- that generally the only exception to this was with respect to low performers and employees earning above the salary range maximum. For these employees, managers were trained to stick to the guidelines.
04:01:10 A. Again, trained, encouraged, but I'm sure we could find examples where they didn't.
04:01:16 Q. Well, how did -- how did Adobe train managers to stick to the guidelines?
04:01:20 A. So we educated, right? We told people, you know, if you've got people that are being paid above the maximum of the range, they're already well compensated so there needs to be some really good reasons for why you are doing that; i.e., they're high impact, super critical, you know, that sort of thing. Conversely, you know, if there is a performance issue, are you really sure you want to do this.
04:01:43 So we educate. And we educate the employees

04:01:45 too. They hear the same messaging, right? I think, you know, how we kind of bring that level of visibility to them is just through the tool, they can kind of see it. Through reporting they can kind of see that information. So it's highlighted to them, right?

04:02:01 You know, in the tool, as an example, if you are a manager and you go to give an increase to someone that's above the maximum of the range, it will tell you, hey, do you know the person is above the maximum in the range. Still move forward, but it kind of -- you know.

04:02:15 Q. It will accept the change but with a warning?

04:02:20 A. Yeah.

04:02:26 Q. How many times can an employee -- can an employee be a low performer before they're asked to leave the company?

04:02:33 MR. KIERNAN: Object to form.

04:02:34 THE WITNESS: That, I don't know. I don't know about that.

04:02:39 MS. LEEBOVE: Q. Is there a point at which a person who is a -- an employee who is a low performer year after year is asked to leave?

04:02:48 A. That's kind of case by case, I'm sure. Our lawyers get involved. I would tell you that me as a manager, it wouldn't take -- I wouldn't want year after year of low performance before I dealt with that issue.

04:02:59 But it's going to be situational, right?

04:03:19 Q. Do top level executive leadership and senior vice presidents ultimately approve managers' salary decisions with respect to their reports?

04:03:34 A. So it's interesting, because I keep seeing the terminology "approval" come up. And what ends up happening is there is not a snap of a button where they have to say, "I approve this change." What in effect happens is my kind of chain of command has visibility into any of the recommendations that I make, right?

04:03:54 So as my boss, who is very hands on, she's actively looking at the recommendations that we're making. And if she feels like, hey, Rose, there is one on here that, "Why are you doing that," we'll have a conversation around that, right? And most of the time she'll empower me to kind of move forward and I can kind of make the business case.

04:04:13 But some leaders are really good about actively kind of engaging in that process, and others just say you know what? I'm going to trust my managers to do that. So I think it just depends from manager to manager what the level. But it's not like the tool says, okay, Rose, when you make a recommendation, it now gets submitted to your manager who then has to press an approval key so that keeps rolling. It just doesn't

04:04:33 work that way, right?
04:04:35 So I think, you know, when we talk about approval, I don't know how many are actively engaging to say, "I approve of these recommendations," right? Some probably are, others probably don't ever look.
04:04:48 Q. Does this roll-up process actually roll up to this CEO of the company?
04:04:52 A. It does. Ultimately the CEO is kind of responsible for, you know, at a company level what budget do we come in, what does the distribution look like. So at any point in time, Shantanu could go look at anybody's record.
04:05:12 Q. Has Mr. Narayen ever blocked a salary increase for an individual employee?
04:05:22 A. Not that I'm aware of.
04:05:23 Q. Or required a salary increase for an employee who wasn't going to receive one?
04:05:27 A. Not that I know of. I think Shantanu is probably more focused on his directs more than anybody else.
04:05:44 Q. How does Adobe determine bonus and equity grants?
04:05:50 A. So Adobe doesn't determine the grants. We -- for bonuses or equity, we provide the guidelines. From a bonus perspective, the company's performance dictates

whether there is going to be any funding, right? So depending on the company's performance, that will determine how much funding is available, and then managers have to go in and assess the contributions of their employees, similar to a salary process, and determine, you know, how much they want to allocate in terms of the bonus amount.

From an equity perspective, it's the same idea. We also give a pool of shares for managers to allocate based on performance. But with equity it's a little bit unique in that we have a pool of shares and those shares have to be approved by our shareholders. And so we have to be very conscientious in terms of the dilution impact to those pool of shares. So I guess that mitigates or determines ultimately how much we're going to have available to give to employees.

Q. How is there -- well, how substantial can an employee's equity share -- or how substantial an equity share award can an employee receive -- or what's the maximum equity share award an employee can receive for a given year?

MR. KIERNAN: Object to form.

THE WITNESS: Yeah. So, there is a difference between shares and value. So we create a pool of shares based on kind of the budget availability, market

04:15:29 determine what it is they want to pay.

04:15:31 Q. How is that salary range created?

04:15:34 A. We create that salary range through the process
04:15:36 that I described earlier where we are benchmarking
04:15:41 specific jobs to the market, and we either adjust them
04:15:45 up or down based on what the market is telling us by
04:15:49 targeting that 65th percentile of the market.

04:15:53 Q. Do managers target the midpoint of the range
04:15:58 for new hires?

04:15:59 MR. KIERNAN: Objection. Form.

04:16:01 THE WITNESS: Yeah. I don't know what they
04:16:03 specifically target. We educate managers that they need
04:16:05 to think about a number of things, right? So they need
04:16:09 to look at skill level of an individual, the potential
04:16:16 expertise that they're bringing to the table, they need
04:16:19 to look at kind of what's happening within their overall
04:16:22 team, their budget. There is a number of things that
04:16:26 managers have to think about when they determine what
04:16:28 that amount is going to be.

04:16:51 MS. LEEBOVE: Would you please mark this the
04:16:53 next in order, Exhibit 2496.

04:17:07 (Whereupon, Exhibit 2496 was marked for
04:17:07 identification.)

04:17:09 MS. LEEBOVE: Q. Ms. Arriada-Keiper,
04:17:10 you've been handed Exhibit 2496. It's a -- well, a

04:17:15 several-page document that begins on ADOBE_086273
04:17:19 and runs through 086276.
04:17:21 A. Yes.
04:17:27 Q. If you could have a look at it and let me know
04:17:30 when you've done so.
04:17:31 A. I've seen this.
04:17:32 Q. Do you need more time?
04:17:33 A. No.
04:17:33 Q. Can you tell me what Exhibit 2496 is?
04:17:36 A. Yes. It's a template that we use when we need
04:17:38 to create a job code and get it entered into SAP.
04:17:45 Q. This document says at the top that it was
04:17:47 revised in April of '03?
04:17:50 A. Okay.
04:17:51 Q. And the second page, 086274 says it was revised
04:17:54 in April of '02. But have these form -- have these
04:18:01 forms been further revised since those dates?
04:18:04 A. I don't know. I'd have to go check with the
04:18:06 team. I don't do these anymore.
04:18:10 Q. Did you used to use these forms?
04:18:12 A. Uh-huh. In my days as a comp analyst, I sure
04:18:15 did.
04:18:19 Q. So can you walk me through how you would fill
04:18:22 this out? How would you know what job code to put in
04:18:24 that first line?

04:18:25 A. You wouldn't, because that's an automatic
04:18:27 number that's created by SAP. But you would know the
04:18:32 global job code, because that's essentially the Radford
04:18:34 job that we benchmark to. And then we actually develop
04:18:39 the salary range, so that midpoint would be based on
04:18:43 that Radford benchmark data point of the 65th
04:18:46 percentile. The minimum and the maximum would be
04:18:48 determined by that formulaic spread. The grade ID is a
04:18:54 derivative of that job code which SAP automatically
04:18:58 generates. The job level is tied to the global job
04:19:07 code.
04:19:09 The way a particular job family works is you
04:19:13 have a job family. So as an example, I have the
04:19:17 computer scientist job family. Within that job family,
04:19:20 there is multiple levels. You might have, you know, a
04:19:24 computer Scientist Level I, which is an entry level.
04:19:27 You might have a computer Scientist Level III, which is,
04:19:32 you know, career level. And kind of the level is
04:19:35 determined by your years of experience and a bunch of
04:19:38 criteria.
04:19:39 So the job code, whatever level you end up or
04:19:43 whatever job code you end up assigning kind of
04:19:49 determines what that job level is.
04:19:51 FLSA, so that's very specific criteria around
04:19:54 what jobs are considered exempt jobs, and which ones are

04:19:57 considered nonexempt jobs in terms of overtime pay,
04:20:00 right? So that's kind of dictated to us by law.
04:20:06 The functional area will describe is this an HR
04:20:10 job, is it an R&D job, is it a sales job. The job
04:20:14 function gets into a little bit more specificity. So,
04:20:18 you know, if it's an R&D job, is it development? Is it
04:20:22 UI? Is it QE? And then within the job family it's
04:20:27 exactly what type of benchmark data are you using.
04:20:32 So, you know, within R&D, within development,
04:20:36 you might have, I don't know, computer scientist versus
04:20:43 systems scientist. So it's a level of granularity below
04:20:48 the job function. And then you have manager level which
04:20:51 determines is this an individual contributor job, or is
04:20:54 this a career level manager, a senior manager, a
04:20:59 director level, a senior director VP.
04:21:05 The MIP percent target, so, you know, the job
04:21:09 determines whether there is an incentive tied to it or
04:21:11 not. So depending on the type of job and the level of
04:21:14 the job, that will determine the percentage of incentive
04:21:18 tied to that.
04:21:19 And the stock level is the same. A job family
04:21:23 has an associated stock level and a stock category which
04:21:27 determines how many shares an employee gets.
04:21:29 So these are all what we refer to as attributes
04:21:32 of a job. So when we create a job internally, you kind

04:21:37 of have to put all these inputs into a system, and they help drive a lot of different things. Like what's the salary range going to be? What's the new hire equity grant guideline that you give to a particular position? What's the incentive target for a particular role? It's all very prescribed.

04:21:52 Q. And where do you find, for instance, the global code to input for the global job code and title?

04:22:01 A. That global code comes from Radford. So we have adopted essentially Radford's coding scheme. Many companies will create their own. We didn't do that. We literally take Radford's coding scheme.

04:22:18 Q. And is there a list somewhere? And maybe it -- I was thinking maybe it was attached as page 2. Where does the grade ID come from?

04:22:32 A. Yeah. So it's kind of a misnomer, because we don't have grades at Adobe. So it would basically be the last four digits of the Adobe job code. So if you go to the top there where it says job code, that was the number I told you that SAP kind of randomly or automatically creates. It would be the last four numbers of that six digit number that make up the grade ID.

04:23:12 Q. I'm looking back to my notes because you mentioned SAP.

04:23:15 A. Yep.
04:23:16 Q. And was SAP the old system or is SAP the current -- I'm thinking back to whether I have any questions for you about Taleo versus -- tell me what SAP stands for.
04:23:32 A. I don't know. It's the German company.
04:23:34 MR. KIERNAN: Well, it's just a -- but --
04:23:36 THE WITNESS: It's the salary planning tool. So I think what I'm -- so what we referenced was the salary planning tool. When I say SAP, that is our database for where we keep all HR information.
04:23:48 MR. KIERNAN: There is many, many SAP products.
04:23:50 MS. LEEBOVE: Okay.
04:23:51 MR. KIERNAN: Salary tool being one, then --
04:23:53 THE WITNESS: A recruiting tool. Learning and development. They have different modules.
04:23:57 MR. KIERNAN: Right.
04:23:57 THE WITNESS: Yeah.
04:23:58 MS. LEEBOVE: Q. So is SAP just one of Adobe's vendors that you buy HR software from?
04:24:04 A. They're one of our partners. And a couple of the products of theirs that we use is we use their database to store all employee information. We also use them from a salary planning tool perspective. I believe finance uses them for their accrual and expense

04:24:20 tracking. So yeah.
04:24:23 Q. I don't think I've asked you this, but is there
04:24:25 a list of Adobe job codes somewhere?
04:24:27 A. If you go to the salary range website that all
04:24:29 managers can access, every code is listed there.
04:24:34 Q. Do employees know their salary ranges?
04:24:36 A. Yes. Well, if they ask. So let me -- we used
04:24:47 to have a practice where we actually printed it on their
04:24:51 annual review letters. I don't think we're doing that
04:24:53 anymore. I'd have to check. But at any point in time
04:24:55 they can just ask and get it. It's not like it's a
04:24:58 secret.
04:24:58 Q. Okay. And you mentioned, again in discussing
04:25:01 this sheet, the formula that Adobe uses to determine the
04:25:07 minimum and maximum once you've targeted the midpoint of
04:25:10 a salary range.
04:25:11 A. Yeah.
04:25:12 Q. Did that formula remain constant over the class
04:25:15 period?
04:25:15 A. No, it's changed. And I couldn't tell you, you
04:25:18 know, when and to what values. But when I initially
04:25:22 joined the company, we used 50 percent spreads for the
04:25:26 vast majority of roles, and then I think it was like a
04:25:29 75 percent spread for your senior levels. Since then
04:25:32 it's changed, and I don't really know where they're

sitting at today.

Q. Okay. Where do job levels come from?

A. So job levels are also tied to Radford. So I mentioned before you have a job family. A job family would be like computer scientist. Based on some different criteria primarily driven by kind of skill, the type of work that you do, your education, there is kind of leveling guides that they have. And so we apply those same leveling criteria.

Q. Are job families also defined by Radford?

A. Yeah. We pretty much have adopted their whole scheme. Some minor, maybe, tweaks to it, but generally speaking we follow their model.

Q. Are there any aspects of the Radford model that Adobe doesn't follow?

A. Yeah. I -- you know, and I have to go back. I'm getting to a level of granularity that -- I haven't been in the work in a long time. But sometimes we will create more levels than, let's say -- I'll give you an example; quality engineers. In the market, there may be six levels from an individual contributor perspective.

We, as a company, have often -- not oftentimes, but sometimes applied discretion and said you know what? We don't want to create six levels, we just want to have five. So we have made nuance changes like that, but I'd

04:27:06 have to go and look at the jobs to figure out how many
04:27:09 and to what degree. But it's not very often.
04:27:11 Q. But is it fair to say that Adobe has transposed
04:27:13 the Radford job -- well, how would you describe what
04:27:19 Adobe has done with the Radford survey data?
04:27:23 A. We've pretty much modeled our job structure off
04:27:25 of theirs.
04:27:27 Q. Okay.
04:27:27 A. Yeah.
04:27:42 Q. Is there anything you disagree with in
04:27:44 paragraph 34 of -- well, I frankly don't recall whether
04:27:50 you've reviewed and --
04:27:54 MR. KIERNAN: Thirty-two.
04:27:54 THE WITNESS: I stopped at 31.
04:27:55 MS. LEEBOVE: Q. Could you review 32
04:27:57 through the end and let me know if there is anything
04:27:59 in here that you would change to make it more
04:28:01 truthful or accurate from your perspective.
04:29:29 A. Okay.
04:29:30 Q. Is there anything you've seen in the remainder
04:29:32 of the Morris declaration that you would change to make
04:29:34 it more truthful or accurate from your perspective?
04:29:37 A. No.
04:29:37 Q. Okay. Thank you.
04:29:41 Mr. Kiernan did you want to take a break?

04:29:42 MR. KIERNAN: Yeah.

04:29:43 THE VIDEOGRAPHER: This is the end of video
04:29:44 No. 5.

04:29:45 The time is 4:29 p.m. We're going off the
04:29:47 record.

04:29:48 (Recess taken.)

04:45:32 THE VIDEOGRAPHER: This is the beginning of
04:45:32 video No. 6.

04:45:33 The time is 4:45 p.m. We're back on the
04:45:36 record.

04:45:41 MS. LEEBOVE: Q. Ms. Arriada-Keiper, I
04:45:43 have just a couple of sort of randomish questions
04:45:45 for you in that they don't connect to what we were
04:45:48 previously talking about or what we will talk about.

04:45:50 But have you ever been involved in making a
04:45:52 counteroffer to an employee who was -- who indicated he
04:45:56 or she would -- was planning to leave Adobe for another
04:46:00 job?

04:46:03 A. I am trying to remember whether I have been. I
04:46:10 don't remember a specific example, but I must have been
04:46:13 at some point.

04:46:17 Q. Do you remember the details of any instance
04:46:19 where you were involved in preparing a counteroffer for
04:46:21 an employee?

04:46:22 A. I don't, no.

05:40:35 you know, as we've been saying kind of all along, is
05:40:38 that internal equity is a factor that they have to
05:40:40 consider. So, you know, depending on the individual
05:40:45 scenario and the situation, they may make that decision.
05:40:49 We ask them to consider internal equity when
05:40:51 they're making their salary decisions. That's what
05:40:55 she's doing here. And I don't have the full detail
05:41:00 here, so it's kind of hard to surmise. But if I had to,
05:41:06 again, speculate here, it probably has something to do
05:41:08 with the performance level and not being aligned to the
05:41:11 recommendations.
05:41:13 MS. LEEBOVE: Okay. Well, I do not have any
05:41:17 further questions.
05:41:22 THE WITNESS: Yay.
05:41:23 MS. LEEBOVE: Do you?
05:41:24 MR. KIERNAN: (Nonverbal response.)
05:41:24 THE VIDEOGRAPHER: This is the end of video
05:41:26 No. 6 and the conclusion of today's proceeding.
05:41:29 The time is 5:41 p.m. We're off the record.
05:41:34 (The deposition concluded at 5:41 PM)
05:41:34

I, Gina V. Carbone, Certified Shorthand Reporter licensed in the State of California, License No. 8249, hereby certify that the deponent was by me first duly sworn and the foregoing testimony was reported by me and was thereafter transcribed with computer-aided transcription; that the foregoing is a full, complete, and true record of said proceedings.

I further certify that I am not of counsel or attorney for either of any of the parties in the foregoing proceeding and caption named or in any way interested in the outcome of the cause in said caption.

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In witness whereof, I have hereunto set my hand this day: April 10, 2013.

___X___ Reading and Signing was requested.

_______ Reading and Signing was waived.

_______ Reading and signing was not requested.

____

GINA V. CARBONE

CSR 8249, CRR, CCRR